

2012
MANITOBA LIQUOR CONTROL COMMISSION
89TH ANNUAL REPORT





FOR THE FISCAL YEAR APRIL 1, 2011 TO MARCH 31, 2012



(1)

#### Vision

Together we will be the model for innovative, sustainable, and responsible service within the Manitoba community and marketplace.

#### Mission

To regulate, distribute and sell beverage alcohol, generating revenue for Manitobans within a framework of social responsibility, customer service excellence, business effectiveness and workplace quality.

#### Values

Importance of People

Foster a positive work force by working together as a feam towards our common goals.

Social Responsibility

Promote the responsible sale and consumption of beverage alcohol, promote sustainable development and demonstrate a commitment to our community.

Integrity and Faliness

Develop respectful and ethical relationships and be fully accountable for our actions, decisions and behaviours.

Service Excellence

Provide superior service to our customers, partners and co-workers.

Innovation

Encourage our employees to be innovative.

#### Table of Contents

Governance & Boards	2
The Amalgamation of MLCC/Manitoba Lotteries MLCC Regulatory Services/	
Manitoba Gaming Control Commission	2
Chair's Message	3
President's Message	4
In Memoriam: Ken Hildahl	150
Highlights from F12	6
The New Hospitality Strategy	7
F12 Business Plan Review	9
Financial	10
Social Responsibility	11
Customer Service	16
Business Effectiveness	18
Workplace Quality	19
F12 Financial Statements	21
Charts & Graphs	42
Liquor Marts	46
Liquor Vendors	47
Specialty Wine Stores	49

#### **GOVERNANCE & BOARDS**

The Board of Commissioner is the governing body that oversees the activities of the MLCC. The Board Chair reports to the minister responsible for *The Liquor Control Act*, who, in turn, reports to the Legislative Assembly. The day-to-day operation of the MLCC is the responsibility of the President & Chief Executive Officer (CEO), who reports to the Board.

In F12 The Board of Commissioners was comprised of 10 board members, appointed by the Manitoba Government. One person was appointed as chair and another as vice-chair. The board met no less than six times per year and was responsible for the following agreesal payernance processes:

- adoption of a strategic planning process, approval of strategic plans and monitoring performance against plans;
- approving annual capital and operating plans and monitoring performance against those plans,
- approving policies and processes to ensure the integrity of the MLCC's internal control and management information systems;
- assessing the contribution of the board, committees and all board members annually;
- preparing recommendation(s) to the minister responsible respecting the appointment or termination of the CEO:
- succession planning, performance evaluation and leadership development for the CEO and senior management;
- approving the standard compensation structure and benefits package for all employees; and
- · approving a communications policy for the MLCC.

The board was assisted by the work of several committees. These committees included:

- · Governance Committee:
- · Strategic Planning and Budgeting Committee;
- · Audit Committee; and
- · Human Resources Committee

In addition, the board operated under a well-articulated Governance by-law, which included specific responsibilities for the chair and board members, as well as Terms of Reference for various committees. A corporate Code of Conduct also guided the actions of the board and all MLCC employees.

The Licensing Board considers applications for licences and determines the appropriate disciplinary action for breaches of *The Liquor Control Act* and its Regulations. These decisions may be appealed.

The Licensing Board is comprised of five persons appointed by the Lieutenant Governor in Council. The board may be called to meet at any time by the chair of the board. All meetings of the Licensing Board are open to the public.



Licensing Books (Attending) in the New (Vicensing), Vic. Warring of Lincoln and Significance (Lincoln Significance Coll Bermanen

## The Amalgamation of MLCC / Manitoba Lotteries MLCC Regulatory Services / Manitoba Gaming Control Commission

Shortly following the end of Fiscal 2012 and as part of the provincial budget, the Manitoba government announced the amalgamation of the MLCC and Manitoba Lotteries into a new entity. The government also announced the amalgamation of MLCC's Regulatory Services with the Manitoba Gaming Control Commission. On May 3, 2012, Innovation, Energy & Mines Minister Dave Chomiak, minister responsible

for gaming announced the members of the new Board charged with the task of overseeing both the MLCC and Manitoba Lotteries. He also appointed Winston Hodgins, President & CEO of Manitoba Lotteries, as President and CEO of the new corporation. Until the merger is completed and legislation changed, the MLCC will continue operating as a separate legal entity.

#### CHAIR'S MESSAGE

On behalf of the Board of Commissioners, I am pleased to present the 89th Annual Report of the MLCC for fiscal year 2012. F12 proved to be a notable year on many fronts, none the least is the return of \$254.3 million to the provincial treasury and the people of Manitoba.

The MLCC's financial achievement is particularly significant for several reasons. Not only did the organization exceed last year's net profit return, it did so while undergoing the most extensive changes to *The Liquor Control Act* and its regulations in recent history, as well as the loss of President & CEO Ken Hildahl.

The New Hospitality Strategy announced by the Provincial Government in the first quarter of the year proved to be one of the most significant initiatives the MLCC had ever undertaken. The MLCC is to be congratulated for its efforts in bringing over 40 changes to legislation, regulations and policies that benefit the hospitality and tourism industries, enhance safety in licensed premises, provide more deterrents for underage drinking and reduce red tape.

Many of the changes brought about under the New Hospitality Strategy, as well as successes in the past few years, were guided by the leadership of President & CEO Ken Hildahl. Ken's sudden and unexpected passing was devastating; however his vision as laid out in the three year Strategic Plan continued to provide guidance and direction for the remainder of the year. On behalf of the Board of Commissioners, I would like to thank Roman Zubach, Chief Operating Officer, for stepping

in as Acting President & CEO as well as the Executive Management Team for their leadership during this challenging and difficult time.

Throughout the year, the MLCC remained committed to its social responsibility mandate and these efforts were endorsed and wholly supported by the Board. In particular, the new "Seniors Behaving Badly" campaign for the Be Undrunk program proved to be a refreshing reminder to young adults that binge drinking behaviour looks foolish at any age. The Be With Child – Without Alcohol program continued to expand its reach and accessibility to women and their partners across the province, while other programs like Be the Influence and Show Your Age helped to reinforce legislative efforts under the New Hospitality Strategy to prevent underage drinking.

F12 was my last year as Chair of the Board of Commissioners and I would like to take this opportunity to say thank you to all the members of the Board for their support over the years. Thank you as well to the Executive Management Team for their ongoing commitment to the success of the organization and thank you to all the MLCC staff for your tireless dedication to ensure excellence in customer service to the people of Manitoba. It has been my pleasure and my honour to be part of this organization.

Mayeck

Chair, Board of Commissioners

Flower of Commissioner
Interding I - II fee Commissioner
Gold Hammonia, Junio Bai
Scotter Ed Accel Acids
Di Baio, El James Reder
James V. Ji Lim Frei James
James V. Ji Lim Frei James
James V. Ji Lim Frei James
James V. Ji Lim Ji Marie P. Jiang
Ji Ham Ji Marie P. Jiang
Ji Ham Ji Marie



#### PRESIDENT'S MESSAGE

I am pleased to report that in Fiscal 2012, the MLCC returned an unprecedented \$254.3 million to the provincial government. I am also very proud of the fact that these funds will be used to support health care, education and social service programs that will be of benefit to all Manitobans.

This past year was one with many challenges. In May 2011, the announcement of the province's New Hospitality Strategy, designed to modernize Manitoba's liquor laws, saw an extensive overhaul of *The Liquor Control Act* resulting in over 40 separate Act changes. An endeavour such as this does not come without great effort from many and I want to express my sincere thanks and gratitude to all involved for their hard work.

In August 2011, the MLCC was dealt a blow with the sudden passing of our President and CEO, Ken Hildahl. Ken was a tremendous asset to our organization and his loss was felt at all levels of the MLCC. Since his passing, the Executive Management Team has stayed true to the vision and strategic plan that Ken had established. I would like to acknowledge and thank all employees.

for their support during this difficult period. It is at the worst moments that we see the best in people and this circumstance was no exception.

Fiscal 2012 was also a year that saw the continuation of a multitude of projects. The Centralized Merchandising Project continued to move ahead full-steam. This project will centralize Liquor Mart assortment and replenishment activities ensuring the MLCC will be able to more efficiently manage its supply chain, ensuring the right products are at the right places at the right time. It will also redirect store efforts and expertise to activities that will improve store performance and customer service.

Development of a new public website also continued throughout F12 with an anticipated launch in F13. The new website will have a modern look and feel and feature improved product descriptions, food pairing information, product inventory by store and expanded search capabilities. Developed using leading edge technologies, the new website will greatly increase the MLCC's presence on the web.

Under the New Hospitality Strategy and in our continuing efforts to provide greater convenience to Manitobans, the year also saw the first Liquor Mart Express outlet open on the arrivals level of the Winnipeg James Armstrong Richardson International Airport.

This new retail concept lists some of the most popular



MLCC Executive Management feam proof left Black Diswice 3, Director, Proof left Black Diswice 3, Director, Director, Population Science South, Director, Regulatory Service. Diswission Black Director, Communication & Social Photomatory, Promote Rose of Proof Directory, American & Chica Consulting Officers (Supply Shaw, Director), International August & Rick Management, Ingried Lowers, Child Timens at & Strategy Officer Group Science Codes are hardware Different Codes are hardw

#### PRESIDENT'S MESSAGE CONTINUED

selling wines, spirits and beers in the province, including products unique to Manitoba. This Express store was the first of a pilot project that will see the establishment of up to 10 outlets to be situated in high-traffic areas with up to five of these stores to be located within urban grocery stores.

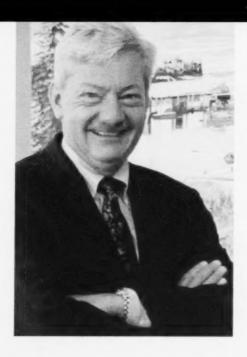
As one of the initiatives under the New Hospitality Strategy, we worked with our industry partners to make coolers and ciders available for sale at hotel beer vendors. I am happy to report that 72% of eligible hotels applied and were accepted for this new retail opportunity.

Fiscal 2012 also saw a change to the way in which the MLCC reports its financial information, converting to international Financial Reporting Standards in April 2011 on a retrospective basis.

I am also happy to report that for the sixth consecutive year, the MLCC was recognized as one of the Top 25 Employers in Manitoba as part of the Top 100 Employers in Canada competition.

I would like to thank our Board of Commissioners for their support in what proved at times to be a difficult year. I would also like to acknowledge and thank the Executive Management Team who have put in many long hours to ensure all of our obligations were met. Your confidence and support has meant a great deal. Lastly, but certainly not least, I would like to extend my thanks and appreciation to all MLCC employees. You are truly the heart of our organization and we are fortunate to have such a dedicated workforce that continually demonstrates their service excellence to the people of Manitoba.

Koreion Jubelch ROMAN ZUBACH A/Prosident & CEO

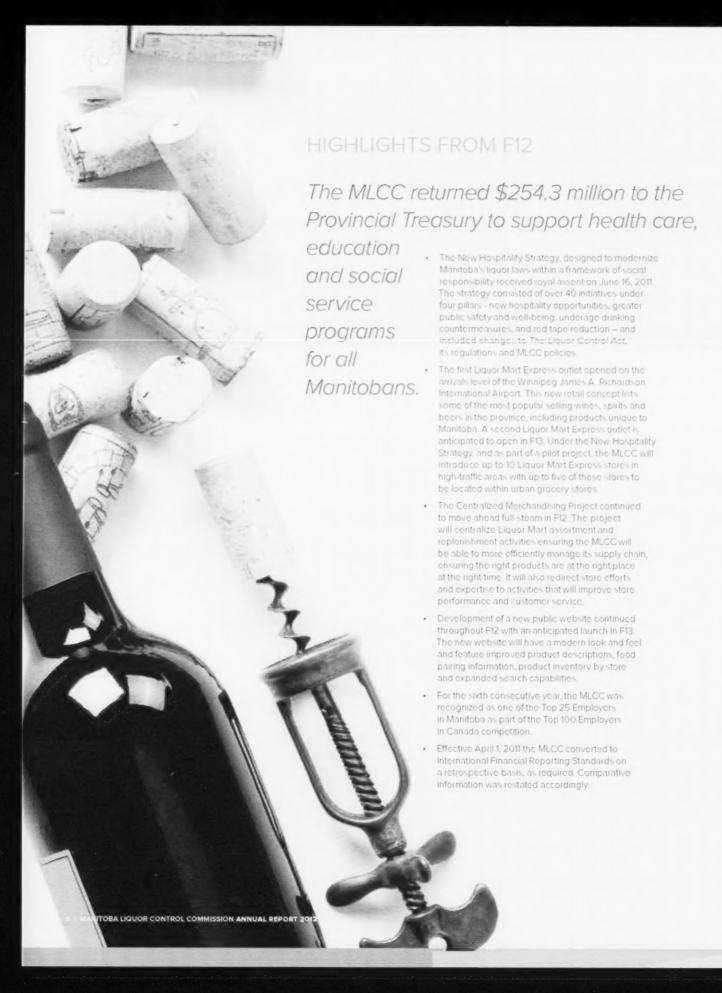


#### IN MEMORIAM: KEN HILDAHL

It was with great sadness that the Board of Commissioners and employees of the MLCC learned of the unexpected and untimely death of President & CEO, Ken Hildahl on August 26, 2011.

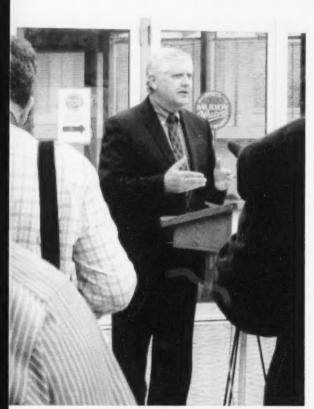
Ken Joined the MLCC in 2009 after successful careers with both Manitoba Blue Cross and the Manitoba Government Employees Union. In his time with the MLCC, Ken proved to be a visionary leader, helping to shepherd in the New Hospitality Strategy which encompassed over 40 changes to *The Liquor Control Act*. He was also a great community leader with close ties to such organizations as the Winnipeg Football Club, CancerCare Manitoba, Camp Manitou and the Health Sciences Centre Foundation.

Although with the MLCC for much too short a time, his impact on the people he worked with was immeasurable. Ken made it a point to be accessible to all employees and he will be fondly remembered for his warm heart and kind ways. He is, and will continue to be, greatly missed.



#### THE NEW HOSPITALITY STRATEGY

On May 19, 2011, Minister Gord
Mackintosh, minister responsible for
The Liquor Control Act, introduced a
New Hospitality Strategy at The Forks
in Winnipeg. The New Hospitality
Strategy was built upon four pillars;
New Hospitality Opportunities;
Greater Public Safety and Well-Belng;
Underage Drinking Countermeasures;
and Red Tape Reduction. It consisted
of over 40 different initiatives and
served to help modernize The Liquor
Control Act. Outlined are just some of
the initiatives featured within the New
Hospitality Strategy.



Minister Gard Macontain announce the New Hoop and Strategy at a conconference at The Forks on May 9, 2011.

#### **NEW HOSPITALITY OPPORTUNITIES**

To address the changing social landscape in Manitoba and Canada, initiatives included:

- brew pubs with off-sales and sales through the MLCC Liquor Marts to ensure business viability;
- up to 10 pilot, limited-selection MLCC Liquor Mart Express Stores, including up to five locations within urban grocery stores;
- a voluntary 'Bring Your Own Wine' program for restaurants;
- sales of coolers and ciders at eligible retail beer vendors;
- incentives to help develop microbreweries, wineries and micro-distilleries including reduced product markups and promotional opportunities;
- development incentives for beverage producer visitor centres including free-standing locations, reduced product markups to the producer and allowing for outdoor advertising to promote these centres;
- expansion of optional service hours to 2 a.m. for socials, charity fundraisers and weddings for consistency with licensed establishments;
- standardized Sunday night hours to 2 a.m. for cabarets and beverage rooms and 2:30 a.m. for beer vendors, unless disallowed by local bylaw;
- the MLCC to authorize exceptions to reflect unique hospitality opportunities that do not fall under the current 11 classes of licence by amending the Food to Liquor Regulation;
- Liquor Marts to sell barware, beverage publications and promotional merchandise for major sport and cultural events; and
- enhanced product information and public interaction through an upgrading of the MLCC website.

#### THE NEW HOSPITALITY STRATEGY (CONTINUED)

#### GREATER PUBLIC SAFETY AND WELL-BEING

Recognizing the foundation of hospitality is to provide a safe environment, safety in licensed premises is enhanced through the following initiatives:

- the hiring of three new downtown Winnipeg liquor inspectors, adding to Canada's best inspector-tolicensed-premises ratio, and the establishment of a new satellite inspections office to be located on Main Street:
- the introduction of fines, among the toughest in Canada, for disorderly conduct:
- placing more responsibility on bar owners for disorder outside of their premises and property including the immediate vicinity;
- enabling liquor inspectors and police to immediately close a licensed premises for up to 12 hours when there is imminent risk to the public;
- setting out in law existing mandatory responsible service training for bar owners, operators, bartenders and servers;
- giving the MLCC the legal mandate to promote responsible alcohol consumption;
- strengthening a fetal alcohol spectrum disorder public awareness campaign;
- requiring the MLCC to conduct an impact analysis on the use of energy drinks as a mix with alcohol:
- enabling Liquor Marts to sell socially responsible products such as beverages with 0.5 per cent alcohol and taxi-fare cards; and
- Installing portable defibrillators and providing staff training in all Manitoba Liquor Marts.

#### UNDERAGE DRINKING COUNTERMEASURES

The following initiatives were put in place to counter underage drinking:

- · Instituting a false identification (ID) crackdown:
  - young adults will be required to produce a valid passport, driver's licence or identity card from Manitoba Public Insurance or alternatively two additional pieces of ID, one which must be photo ID.
  - the MLCC will work with licensees to implement technologies to identify false ID such as verification scanners;
  - providing ID to a minor is now an offence under The Liquor Control Act.

- prohibiting possession of alcohol by a minor, not just consumption, in a licensed premises and at occasional permit events;
- every act violation involving underage drinking in a licensed premises results in a mandatory Licensing Board hearing;
- registering all beer kegs to easily identify the purchaser in situations involving minors;
- having the MLCC phase in a strategy to deal with excessively high alcohol content beverages; and
- enhancing awareness of Be the Influence Manitoba's leading-edge campaign for parent engagement and responsibility.

#### RED TAPE REDUCTION

A modernized Act will result in the elimination of unnecessary red tape by:

- allowing convenient, online social permit applications by 2012;
- · providing multi-year liquor licensing:
- · legislating pro-rated liquor licence fees;
- · streamlining the liquor licence application process;
- Improving rules to reflect the shift from owner-run premises to franchises and chain outlets;
- · amending the Food to Liquor Regulation to:
  - address exemptions where the ratio does not reflect the volume of liquor sold; and
  - replace the quarterly requirement for licensees to submit food to liquor reports with spot checks, complaint investigations and licensee record maintenance;
- transferring licensing responsibility from cabinet to the MLCC for liquor stores and licensed premises in areas without municipal governments, such as northern communities and parks;
- amending the advertising regulation to allow exceptions to outdoor advertising rules to accommodate licensee promotional needs; and
- providing an MLCC Internet portal for commercial business partners to streamline business activities.

#### F12 BUSINESS PLAN REVIEW

The MLCC's Strategic Plan is comprised of five goal areas. These areas provide the blueprint for incorporating the Vision, Mission and Values into its daily operational activities.

The five goal areas are

- · Financial
- Social Responsibility
- Cristomer Service
- Business Effectiveness
- Workplace Quality

The following is an overview of the MLCC's economishments in FIZ

#### FINANCIAL

#### Goal

Meet the net profit requirements of the Manitoba Government through the controlled sale of beverage alcohol.

#### Objectives

Generate funds required to support Innovation and growth in the business to meet the net profit requirements of the Manitoba Government.

# EA LIQUOR CONTROL COMMISSION ANNUAL REPORT 2012

#### Parformance Results

Not Profi

Target: \$254.8 million
Actual: \$254.3 million

Net profit for F12 was \$0.5 million which is less than 1% below budget, although sales and volumes exceeded forecasted expectations. Sales were \$4.2 million or 0.7% ahead of budget. Volumes were over budget in every category except wine. Customers paid less than expected for all products, with the exception of beer.

Gross profit was \$0.7 million or less than 1% below budget.

General and administrative expenses were \$1.0 million or 1.4% over budget. Pension related expenses were over budget by more than \$5.5 million due an actuarial adjustment of \$2.7 million and earnings on pension assets coming in \$3.5 million under budget, offset by current service costs which were under budget. Other expenses were carefully managed and were \$4.5 million under budget. Salaries and benefits accounted for \$1.9 million or 42% of the variance. Deferral of capital projects resulted in lower depreciation expense in the amount of \$0.9 million.

Effective April 1, 2011 the MLCC converted to International Financial Reporting Standards on a retrospective basis, as required. Comparative information was restated accordingly.

As part of the New Hospitality Strategy, markups for cottage wineries, microbreweries and brewpubs were reduced and became effective in November 2011. A recommendation to reduce markups for microdistilleries also got underway in F12, as did an analysis of the markups on higher end wines.

The MLCC continues to monitor pricing across Canada in an effort to maintain pricing that is competitive with Saskatchewan and Ontario. MLCC prices are somewhat higher than Ontario and Saskatchewan for splifts, wine and refreshment beverages (coolers/ciders). Ontario prices for popular beer brands remain lower than MLCC pricing in F12. Saskatchewan beer prices remain higher than Manitoba.

#### Deluxe/Premium Share of Marke

In F12, the MLCC continued to focus its marketing efforts on promoting premium-priced products (premiumization), Year end results for spirits suggest that the purchasing shift towards premium products is continuing.

Target: 68%
Actual: 69.2%

#### Goal

Promote the responsible sale and consumption of beverage alcohol; sustainable development; and a commitment to our community.

#### Objectives:

- Support programs to promote the socially responsible consumption of beverage alcohol, setting aside a minimum of 0,20% of estimated gross profit to fund these programs.
- Optimize compliance with The Liquor Control Act through education and regulation.
- Act as a good corporate citizen ensuring our actions align with the social, economic and environmental well-being of the province.

# Show Ayour Age Révélez âge

It's Not About Appearances...

It's the Law!

Ce n'est pas une question d'apparence. C'est la loi.

Valid Photo ID may be requested

Une carte-photo d'identité valide peut être exigée



#### Performance Results

Social Responsibility Programs

Be UnDrunk – The binge drinking awareness and education program for young adults 18 – 25 years of age saw the launch of a new "Seniors Behaving Badly" campaign. Capitalizing on the popularity of senior citizens, such as actress Betty White, the campaign put seniors in humourous party situations to show young adults how ridiculous binge-drinking behaviour actually looks. The campaign was promoted through non-traditional radio advertising employing "jock talk" (on-air personalities chatting up the campaign). Additional advertising methods included Facebook ads, new Liquor Mart and licensee posters, as well as promotional item giveways for both radio and licensee promotions.

Be With Child-Without Alcohol – The alcohol and pregnancy program continued to advertise through a variety of mediums including bus boards, Johnny ads, print advertisements in targeted publications and scrolling banners on Environment Canada's Weather Channel. Telephone and mall intercept surveys were also completed in F12 with the results to be used to focus plans in F13.

Be Safe & Sober — In F12, the Be the Change: I Hate Impaired Driving program was rebranded to Be Safe & Sober. The newly branded program was featured prominently throughout the Jets season with a large sign at the entrance of the MTS Centre, during Jets home games on CJOB, in the Jets programs and on the MTS Centre Power Ring. During the month of December, as a way to thank sober drivers during the holiday season, the MLCC once again partnered with the Winnipeg and Brandon Police Service check stops and the Operation Red Nose campaign to promote the "Caught Safe & Sober" campaign, and provide sober drivers with the opportunity to win a weekend getaway.

Be the Influence — As part of the New Hospitality Strategy, the MLCC continued to enhance awareness of Be the Influence, Manitoba's leading-edge program which supports parental influence on children's attitudes toward alcohol. In F12, the program continued to be promoted through television and print advertising in targeted publications, as well as numerous signs in community centers and arenas throughout the province. Program booklets were distributed to approximately 300 parents attending a Parents Advisory Council conference in May 2011.

Report Impaired Driving: Call 911 – The MLCC was a program partner with MPI, MADD Canada and Brandon Police Services in this Brandon pilot program which encouraged drivers to report impaired drivers.

Operation Red Nose – The MLCC is a provincial sponsor of and participant in the annual safe ride home program held during the Christmas holiday season.

#### Education and Regulation

The MLCC balances education and enforcement of licensed premises and occasional permit functions to ensure compliance with *The Liquor Control Act*. Inspection Services uses a risk-based inspection program dependent upon the type of licence held and the previous history of operation. Establishments where liquor is the primary component of the operation, such as beer vendors and cocktail lounges, are inspected more frequently than those where food is the primary component of the operation.

Progressive disciplinary action is recommended for those licensees, permittees and banquet hall operators who continue to breach *The Liquor Control Act* and Regulations.

#### NUMBER OF INSPECTIONS:

Licorand Printises

Target:	25,500
Actual:	28,778
Target:	25%
Actual:	26.7%
Target:	97%
Actual:	97.7%

#### NUMBER OF EDUCATIONAL SEMINARS:

Target	160
Actual:	262
Target:	75
Actual:	82

Under the New Hospitality Strategy, F12 saw the MLCC begin the process of establishing a new satellite inspections office in downtown Winnipeg. As part of this process, three new downtown Winnipeg liquor inspectors will also be hired, adding to Canada's best inspector-to-licensed premises ratio.

#### Social Responsibility in Liquor Marts

To help counter underage drinking, Liquor Mart employees ask for proof of age from customers who look under 25 years of age. Liquor Marts are expected to ask for photo ID 100% of the time and to ensure this is occurring the MLCC uses professional shoppers to shop its stores. If a Liquor Mart does not achieve a 100% score, remedial action involving staff training will occur.

Actual:	95% overall
Target:	100% rating per store

As part of the MLCC's commitment to provide socially responsible alternatives under the province's New Hospitality Strategy, Liquor Marts began stocking alcohol-free beverages in October 2011. These included beverages from MADD Canada (Mothers Against Drunk Driving) with \$1 from each product purchased going towards supporting efforts to reduce the incidence of impaired driving. Additionally, the MLCC is in the process of phasing in a strategy to deal with excessively high alcohol content beverages.

#### Challenges & Refusals

In addition to asking customers for proof of age, Liquor Mart employees also refuse service to minors and impaired customers.

#### PROOF OF AGE REQUESTS:

F12	385,779
F11	362,690

#### MINORS REFUSED:

2.210

#### IMPAIRED REFUSED:

F12	15,314
F11	13,274

As part of the New Hospitality Strategy, countermeasures to combat underage drinking came into effect. On January 1, 2012 new photo identification requirements to deter minors from purchasing beverage alcohol or gaining access to age-restricted premises were implemented. Changes to the Act also made it an offence for an adult to provide their identification to a minor in order to purchase alcohol or access age-restricted premises.

#### Legislative Changes

#### THE LIQUOR CONTROL ACT

Bill 41 - The Liquor Control Amendment Act received Royal Assent on June 16, 2011, and amended The Liquor Control Act as follows:

- The MLCC is now legally required to conduct initiatives and programs to support the responsible consumption of liquot.
- Removal of the requirement of the Lieutenant Governor in Council to approve liquor stores in unorganized territories leaving the authority with the MLCC.
- The MLCC may establish, maintain and operate Liquor Mart Express in grocery stores and other locations.
- Allow liquor marts to sell liquor related products; items that promote the responsible consumption of liquor, and promotional material that supports significant provincial events.
- Extend the effective date of licences and allow for the flexibility to issue licences based on anniversary date and for longer periods (up to three years).
- Eliminate existing requirement to have occasional permit applications signed by applicant.
- Add an additional restriction to prevent minors from possessing liquor at occasional permit events. Add additional responsibility to occasional permit holders to ensure minors don't have liquor in their possession at occasional permit events.
- · New class of licence is established for brew pubs.
- Reduce the requirement to retain 90% of profits from liquor sales to 80%.
- Remove requirement for new liquor licence applicants to publish a notice in the Manitoba Gazetto
- Flexibility for operators of dining rooms to allow customers to bring their own commercially-produced wine to drink with a meal in the dining room.
   Allow for the re-corking of wine brought by patron to dining room.
- · Standardize closing times for licensed premises.
- Requirement for training for all persons involved in serving, managing and security in a licensed premises.
- Expand responsibility of licensees for patron conduct in the immediate vicinity outside their premises; whether on public or private property.
- Police and liquor inspectors are given the power to close licensed premises for a 12 hour period if there is a serious risk to public safety on the premises.

- Provide flexibility for the MLCC to allow for flights of wine.
- Rules surrounding minors in licensed premises are tightened. Minors are clearly prohibited from possessing liquor in licensed premises. (Note: Minors may still continue to possess/consume with their parent or guardian in certain licensed premises (ie: dining room or sports facility), providing the liquor is purchased or provided by a parent, spouse, common-law partner or guardian who is at least 18 years old, and it is consumed with a meal in the presence of his or her parent, spouse, common-law partner or guardian.)

#### REGULATIONS

- Amendment of 176/93 Food to Liquor Ratio Regulation by M/R 90/2011 and became law on July 9, 2011, to allow the MLCC to authorize exceptions that do not fall under the current classes of licence; address exemptions where the ratio does not reflect the volume of liquor sold and replace the quarterly requirement for licensees to submit food to liquor reports with spot checks, complaint investigations and licensee record maintenance.
- Amendment of 48/99 Liquor Control Commission Fees Regulation by M/R 103/2011 and became law on July 16, 2011, to allow the MLCC to pro-rate fees and refund fees for liquor licences based on the number of months the licence is issued or cancelled.
- Amendment of 125/95 Liquor Advertising Rules of Conduct Regulation by M/R 102/2011 and became law on July 16, 2011, to allow for outdoor advertising to promote manufacturers who have visitor centres; allow a licensee to advertise prices and brands on their parking lot or exterior signage.
- Amendment of 48/99 Liquor Control Commission Fees Regulation by M/R 157/2011 and became law on October 1, 2011, to include a new class of licence – brew pub licence (no fee); extend the liquor licence renewal term from one year to a maximum of three years and remove the set renewal date allowing for variable renewal dates.
- Amendment of 177/94 Liquor Licensing Regulation by M/R 164/2011 and became law on November 1, 2011, to set out requirements for a brew publicence; reference the provision for retail vendors (authorized by the MLCC) to sell ciders and coolers at prices set by the commission; remove the requirement for cabaret operators to submit food to liquor ratio reports on a quarterly basis; set out Bring Your Own Wine requirements and require young adults to produce identification from MPI or two additional government issued ID's ione of which must be photo ID) to curtail underage drinking.

- Amendment of 200/94 Liquor Control (Miscellaneous Provisions) Regulation by M/R 165/2011 and became law on November 1, 2011, to include a requirement for a brew pub licensee to register their marketing representatives with the commission.
- Amendment of 177/94 Liquor Licensing Regulation by M/R 193/2011 and became law on December 3, 2011, to give the MLCC the ability to authorize volunteers to serve liquor in a licensed premises – these volunteers are subject to the same conditions as an employee of the premises, including the requirement to complete Servina it Safe.
- Amendment of 177/94 Liquor Licensing Regulation by M/R 5/2012 and became law on January 21, 2012, to set out conditions for the licensing of a movie theatre complex.
- Amendment of 177/94 Liquor Licensing Regulation by M/R 8/2012 and became law on February 11, 2012 to include a valid passport as an acceptable form of identification.

#### Sustainable Development

The MLCC is committed to the integration of sustainable development into all of its business decisions, actions and operations.

#### Sustainable Building

The MLCC is committed to continuing to develop its Sustainable Building Strategy to minimize its impact on the environment and create a healthler retail environment for employees and patrons. The five priorities in this strategy are: using an integrated design approach, water efficiency, energy efficiency, indoor air quality and waste management. MLCC strives to support and meet the intent of the Province of Manitoba's Green Building Policy.

Some of the initiatives implemented at newly renovated Liquor Marts and new Head Office space include:

- · using natural daylight and energy efficient lighting;
- · installing solar ready HVAC;
- · installing energy efficient hand dryers;
- · Installing water efficient fixtures,
- diverting construction/renovation waste from the landfill by recycling and donating materials;
- installing bike racks at Head Office and many Liquor Marts for staff and patron use;
- improving air quality by using low VOC paints and other architectural coatings and mitigating potential indoor air quality issues during construction and renovations; and
- using building materials such as floor and ceiling tiles, and insulation containing recycled content.

The MLCC was a silver sponsor of the 2011 Better Buildings Conference and Exhibition.

#### Waste Management

- The MLCC is striving to reach the 80% waste reduction goal set in 2008. Results of the 2011 waste audit demonstrated that the waste diversion strategy implemented at Head Office in 2008 has successfully diverted 65-70% of waste from the landfill through composting and recycling programs.
- Continue recycling programs at all city Liquor Marts and at rural Liquor Marts where recycling is available
- The MLCC has programs in place for electronic waste, light bulb, battery and cell phone recycling.

#### Procurement

- The MLCC continued its partnership with Lake Friendly and is committed to using Eco Logo and Green Seal certified cleaning products.
- Vendor evaluation criteria include sustainable initiatives practiced by companies bidding on Request for Proposals (RFPs).
- Goods and services RFPs include criteria such as reduced/reusable packaging, sustainable transportation initiatives and purchase of commodities where efficiency, recycled content, verifiable certifications, and product composition are considerations.

#### **Environmental Awareness**

- Participated in the annual Commuter Challenge, and a tree planting event with Diageo, and hosted Earth Day activities for employees.
- The MLCC continues to maintain a page on its internal website with information about corporate sustainability initiatives, as well as tips on green living for employees.
- The MLCC continues to participate in the AIR MILES® My Planet program.

#### Fair Trade And Organic Products

 In F12, Liquor Marts carried 26 fair trade products and 46 organic products.

#### Sponsorships

The MLCC supports community and charitable organizations throughout the year through sponsorships, silent auction donations and in-store fundraising such as coin boxes and customer-ask programs. F12 sponsorships and event support included:

ALS Society
Alliance Française
Alzheimer Society
Brandon Folk Festival
Brandon Wheat Kings
Canadian Tour Players Cup
CancerCare Manitoba
Capturing Opportunities (Brandon)
Children's Rehabilitation Centre
CNIB
Concordia Hospital Foundation
Crohn's & Collits
Dauphin Countryfest
Dauphin RIDE Program
Festival du Voyageur
Folklorama

Grace Hospital Foundation Hemophilia Society Jocelyn House Juvenile Diabetes ManitoAhbee Manitoba Museum Manitoba Opera MTC Fringe Festival Misericordia Foundation Necpawa Lily Festival Operation Red Nose Reh-Fit Centre Riverview Health Centre St. Boniface Hospital Foundation St. Raphael Wellness Centre SCE Lifeworks

Seven Oaks Hospital Foundation Society for Manitobans with Disabilities Special Olympics Manitoba United Way University of Winnipeg Winnipeg Art Gallery Winnipeg Blue Bombers Winnipeg Folk Festival Winnipeg Goldeyes Winnipeg Harvest Winnipeg Jets Winnipeg Symphony Orchestra

#### Wine Festivals & Tastings

Manitoba Liquor Marts also assist urban and rural communities with hosting wine festivals as fundraising events for community and charitable organizations. These events also provide the MLCC with opportunities to enhance product knowledge. The largest of these events is the Winnipeg Wine Festival in support of Special Clympics Manitoba.

Community	Charity/Recipient	A	mount Raised
Brandon	Westman Wine Festival in support of Brandon Rotary Club - Elspeth Reid Family Resource Centre	\$	15,052
Dauphin	Dauphin Rotary Club	\$	5,799
Lac du Bonnet	Lac du Bonnet Community Centre	\$	2,240
Portage la Prairie	William Glesby Centre	\$	5,073
The Pas	The Pas Health Complex Foundation, Inc.	\$	6,351
Thompson	Thompson Community Foundation	\$	4,318
Winnipeg	Flatlander's Beer Festival in support of Manitoba Moose Yearling Foundation	\$	38,949
Winnipeg	Savour - The Food & Wine Experience in support of the Health Sciences Centre Foundation	\$	125,000
Winnipeg	Winnipeg Wine Festival in support of Special Olympics Manitoba	\$	278,780

#### **CUSTOMER SERVICE**

#### Goal

Deliver excellent customer service to our retail and commercial customers.

#### Objectives:

- Enhance service to our public customers by continuing to elevate customer service levels to meet increasing expectations.
- Enhance service to commercial customers to reflect the current business environment and the increasing expectations of their customers

#### Liquor Marts Customer Service Shop Ratings

Target:	90%
Actual:	93%

#### Liquor Mart Development

The MLCC is committed to providing a convenient, modern shopping experience for customers through renovation and expansion of its Liquor Mart retail stores. The following Liquor Marts were renovated/built/expanded in F12:

#### Winnipeg:

- Tuxedo Park Shopping Centre
- James A. Richardson International Airport

#### Rural:

- Churchill
- Flin Flon

Renovations are currently in progress at the Grant Park, Kenaston and Southglen Liquor Marts in Winnipeg In addition, a new Liquor Mart is in the process of being built in Stonewall, Manitoba. Leases have also been approved for the Fort Richmond and Gimli Liquor Marts.

#### Liquor Mart Express

Under the provincial government's New Hospitality Strategy, Liquor Mart Express stores were added to Manitoba's mix of public and private retailers as a way to provide greater customer service to Manitobans. These new retail outlets will list some of the most popular selling wines, spirits and beers in the province, including products unique to Manitoba. As a pilot project, the MLCC will introduce up to 10 Liquor Mart Express stores in high-traffic areas with up to five of these stores to be located within urban grocery stores. To ensure a fair process moving forward, the MLCC employed the use of a consultant and the Request for Proposal method to select locations within grocery stores.

The first Liquor Mart Express store opened in November 2011 on the Arrivals level of the Winnipeg James A. Richardson International Airport. A Liquor Mart Express location within a grocery store was approved and is anticipated to open in F13.

#### MLCC Product Listings

Having the right product at the right time and at the right price is the key to MLCC's customer service success. Monitoring sales and product trends helps to ensure a wide assortment of products for its customers. To keep the product assortment robust, new products are added and low selling products are discontinued throughout the year. During F12, 437 products were removed from the MLCC's assortment, while 699 products were added.

#### Product Listings as at March 31, 2012

Total		4,341 Active Listings
Refreshment Beverages (coolers/ciders)	General List - 81	Specialty List - 12
Beer	MLCC Distributed - 143	Privately Distributed - 547
Wine	General List - 1,188	Specialty List - 1,458
Spirits	General List - 514	Specialty List - 398

Note: General his products typically represent those with high volume sales. Specially list products have smaller volume sales and are unique products that round out the overall comprise association.

the lay of the first Liquar Mail Davies in Junes A. R. Neydson Allean



#### CUSTOMER SERVICE

#### Product Education

MLCC Product Ambassadors conducted approximately 118 public and private product tasting and education sessions to over 3,500 attendees during F12. These courses include wine appreciation sessions, scotch seminars and food and product pairing sessions. Winnipeg sessions took place in the Education Centres located at the Madison Square and Grant Park Liquor Marts, as well as in the Tasting Room at the MLCC's Head Office. Rural courses were held in various locations.

The MLCC is committed to ensuring Liquor Mart employees are knowledgeable in all product areas. Over the course of F12, 32 training sessions were held for Liquor Mart Product Consultants and employees as well as Head Office staff including the Basic Product Knowledge Course and the Higher Certificate Course.

When not busy conducting education sessions, Product Ambassadors also participate in radio and television media opportunities to promote new and seasonal products.

Manitoba Liquor Marts continued to sponsor and support Great Tastes of Manitoba, the top-rated cooking show in Manitoba. Alun Bowness, MLCC's Specialty Purchasing Manager and Product Ambassador Shella Nash are the resident product experts on the show, recommending wine and spirits that will perfectly pair to the dishes prepared on the show. Development of a new public website continued throughout F12 with an anticipated launch in F13. The new website will have a modern look and feel and feature improved product descriptions, food pairing information, product inventory by store and expanded search capabilities.

The official Twitter account of Manitoba Liquor Marts (a LiquorMarts) continued to expand its reach on social media. At the end of F12, the account was reaching close to 1,000 followers. The feed focuses on product and store information and is a popular, easy way to share news with engaged users, enhancing customer service efforts. In F12, a strategy was developed for the launch of a second Twitter account focusing on MLCC corporate information, news, programs and community efforts. The MLCC Twitter account (a theMLCC) launched in early F13.



#### **BUSINESS EFFECTIVENESS**

#### Goal

Foster relationships with our business partners and improve business processes and systems through innovation.

#### Objectives

- Develop and enhance business partnerships.
- Establish effective, efficient and collaborative business processes that consistently demonstrate the MLCC as the model for innovation among Canadian liquor jurisdictions and Manitoba Crown Corporations.

#### Performance Results

#### G & A Expenses (ytd)

Target:	\$75.8 million	
Actual:	\$76.9 million	

Note: Explanation of performance results is available under the Financial Section of the Business Plan Review.

#### **Productivity And Cost-Effectiveness**

The MLCC annually reviews productivity and the costeffectiveness of its strategies to determine the most efficient way of handling inventory at its Liquor Marts and Distribution Centre. Targets are set for productivity for both Liquor Marts and the Distribution Centre.

#### Liquor Marts:

#### MEASURE

Productivity (Units/Labour Hour)

Target:	34.0
Actual:	35.2
Rural	
Target	31.0
Actual:	32.2

#### Distribution Centre:

#### MEASURE

#### Cases per Labour Hour

Target:	26.1
Actual:	30.2
Inventory Turns (rolling 12 months)	
Target:	7.0
Actual:	6.4
In-stock Service Levels	
Target:	97%
Actual:	98.6%

"A buildup of inventory of coolers and ciders for distribution to beer vendors was the primary reason for inventory turns coming in below budget.

#### New Hospitality Strategy

A number of initiatives under the New Hospitality
Strategy were implemented to improve relationships with
business partners. Regulations were amended to allow
the MLCC to authorize exceptions to reflect unique
hospitality opportunities that do not fall under the current
fl classes of licence. Additionally, exceptions to outdoor
advertising rules were relaxed to accommodate licensee
promotional needs. In March 2012, coolers and ciders
were made available to eligible hotel beer vendors.
Approximately 72% of hotels eligible to allow these products
applied and were accepted for this new retail opportunity.

#### Centralized Merchandising Project

By centralizing Liquor Mart product assortment and replenishment activities, the MLCC will be able to more efficiently manage the supply chain, ensuring the right products are at the right place at the right time, while enabling store employees to spend more time on activities related to sales and customer service. In F12, plans to implement the merchandising software solution continued. The first phase of the plan allows for conversion of a pilot store in F13 with rollout to all remaining Liquor Mart locations by early F14. Once the pilot location is active, efforts to complete the forecasting and business intelligence components will commence.

### WORKPLACE QUALITY

#### Goal

Foster a work environment that is safe, innovative and inclusive.

#### Objectives:

- Enhance an inclusive culture that promotes an engaged workforce and encourages innovation from employees.
- Develop a staff and management workforce with the competencies to maintain and undertake new responsibilities.
- Maintain a positive work environment.

#### Performance Results

#### MEASURE

**Employee Engagement** 

Target:	85%
Actual:	91%
Number of Aboriginal persons on staff	
Target:	101
Actual:	98

Number of members of visible

Target:	36
Actual:	39

#### Innovation Team (iTeam)

The MLCC's iTeam, comprised of a cross-section of employees, continued to meet regularly to review and implement ideas submitted by employees. Some of the ideas implemented in F12 include rain coats available at Liquor Marts for employees to use when doing customer carry-outs; casual Fridays for Head Office employees; additional information added to employee pay stubs; and photos of new employees posted to the MLCC's internal intranet site.

#### Diversity

The MLCC continued to support diversity in the workplace through the Aboriginal and Newcomer Internship Programs, diversity training for management, the Language Bank program and a Multiculturalism Day. New Initiatives include the formation of a Diversity Committee and the development of an internship program for persons with disabilities.

#### Succession Planning

The MLCC began implementing recommendations made by consultants in their review of MLCC's succession planning process. The program framework and philosophy, as well as corporate competencies were developed.

#### Leadership and Management Development Programs

The MLCC participated in the Advanced Program in Management Leadership and Strategy offered through the Asper School of Business.

Twelve employees were selected to participate in the MLCC's Store Management Development Program. Two new modules were introduced – Labour Relations and Workplace Safety and Health.

#### Training

In addition to the MLCC's standard course offerings; which include product knowledge, health and safety, security and management courses, the MLCC began delivering online training beginning with Excellence in Customer Service. All Liquor Mart employees, including management, participated in the program which reinforces the importance of customer service at the MLCC while explaining the values and competencies needed to deliver excellence in customer service. Online delivery of courses allows the MLCC to provide quality, consistent and timely training to all employees throughout the province.

Other online courses offered in F12 included Quality Control, Canadian New Polymer Bank Notes and Safe Lifting.

A new course, Under the Influence: The Impact of Substance Abuse in the Workplace was rolled out to all Head Office and Winnipeg Liquor Mart employees. The goal of the course was to help employees better understand the signs, symptoms and the impact of substance abuse in the workplace. Rural Liquor Mart employees will receive the training in F13. This training was delivered in classroom format by the Prevention Education Consultant with the Addictions Foundation of Manitoba.

F12 saw the release of the Challenge & Refusal program which replaced a previous training course. This three and a half hour training session teaches employees about responsible service and related judgment calls; alcohol issues; and how to identify potential problems and handle them tactfully. Through seminars, instructional workbooks and videos, employees learn how to deal with customers who appear intoxicated or underage, second-party purchasers (those buying alcohol for someone who's not legally entitled to purchase it) and difficult refusals at the checkout counter.

#### WORKPLACE QUALITY

#### Awards Of Distinction

The Awards of Distinction recognize employees who make superb contributions to the MLCC and the community in the areas of Community Service, Business Innovation, Leadership, and Customer Service Excellence. A Crowning Achievement category is also included to recognize professional and personal accomplishments. In F12, the MLCC recognized employee Steven Roznowsky with a Community Service Award. Former President & CEO, the late Ken Hildahl, was honoured posthumously with the Business Innovation Award for his championing of the iTeam. Ken's wife and son were on-hand to accept the award in his memory. In honour of Ken, the Business Innovation Award has been renamed the Ken Hildahl Innovation Award.

#### Scholarship Program

The MLCC Scholarship Program provides financial assistance to the children of MLCC employees who are pursuing post-secondary education at the university or college level. Up to six scholarships are available (four \$1,000 university scholarships and two \$500 college/vocational trade school). Four university scholarships were awarded in F12.

#### MLCC Award Recognition

For the sixth consecutive year, the MLCC was recognized as one of the Top 25 Employers in Manitoba as part of the Top 100 Employers in Canada competition.

#### Safety And Health

Health and Safety continued to be a priority at MLCC through the following initiatives:

 Due to growth at Head Office, the MLCC's Regulatory Services relocated into leased space at Unit 10-1146 Waverley Street. For this reason, an additional Health and Safety committee was established for this area. A second Health and Safety committee for Retail Sales was also established to ensure representation from the MLCC's largest employee group.

- As part of the New Hospitality Strategy, the MLCC completed the roll-out of Automated External Defibrillators (AED) to Head Office, all Manitoba Liquor Marts as well as the Brandon and Thompson Inspection Offices. MLCC employees were provided with training on how to use the Automated External Defibrillators; which met or exceeded the guidelines for AED training set out by the Heart and Stroke Foundation of Canada.
- Ongoing quarterly safety inspections in Head Office and Liquor Marts continued. Head Office inspections are completed by the Workplace Safety and Health Committee members while Liquor Mart inspections are completed by store management and staff.

#### Wellness

MLCC continued to recognize the importance and benefits of a healthy lifestyle through the following initiatives:

- A fourth annual Wellness Day was held featuring healthy lifestyle and community displays, nutritional tips, reflexology sessions, naturopathic assessments and blood glucose testing. The day included healthy food and snack options.
- A flu shot clinic was held for Head Office employees to prepare for the influenza season.
- Employees participation in the "Walk Across Canada 2: Liquor Marts contest," designed to promote physical activity. Over twenty teams comprising of three to five members participated.
- Two bicycles were purchased for Head Office employees to use during their lunch breaks to explore the neighbourhood and get some physical exercise.

#### Whistlebiower Legislation

There are no disclosures to report in F12.





For Left: Awerns of Distriction recipient Stevies Romow by Joseffed with Board Chief Calmon Neufeld, and Chief Colparate Services Officer Geny Services

Left: The Bosiness Industrial Award, renamed the Ken Hiddle Industrial Award, was awarded politically for the Hiddle Industrial Industrial Award was presented to Ken Is wife Judy and see Joff by Board Chief Corporate Services Officer Corporate Services Officer Gerry Sul.

## F12 FINANCIAL STATEMENTS

For the fiscal year April 1, 2011 to March 31, 2012

#### MANAGEMENT REPORT

#### AS AT MARCH 31

The accompanying financial statements are the responsibility of Management and have been prepared in accordance with the accounting policies disclosed in Note 2. In Management's opinion, the financial statements have been properly prepared and of necessity, include some amounts based upon Management's best estimates and judgements.

As Management is responsible for the integrity of the financial statements, Management has established systems of internal control to provide assurance that assets are properly accounted for and safeguarded from loss.

ROMAN ZURACH

Acting/President & Chief Executive Officer

INGRID LOEWEN

Chief Financial & Strategy Officer

#### AUDITORS' REPORT

#### INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of The Liquor Control Commission

We have audited the accompanying financial statements of The Liquor Control Commission, which comprise the balance sheets as at March 31, 2012 and 2011 and April 1, 2010 and the statements of income and comprehensive income, profit payable to the Province of Manitoba and cash flows and for the years ended March 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Liquor Control Commission** as at March 31, 2012 and 2011 and April 1, 2010 and the results of its operations, profit payable to the Province of Manitoba and its cash flows for the years ended March 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Ernst & young UP

Winnipeg, Canada, June 1, 2012

## BALANCE SHEETS (in thousands of Canadian dollars)

	As at March 31, 2012	As at March 31, 2011	As at April 201	
	5	\$	4	
Current				
Cash and cash equivalents	9,904	8.399	9.190	
Accounts receivable	22,121	20,308	20.726	
Inventory /note 7/	41,183	38,311	35.690	
Prepaid expenses	1,442	1,328	1,256	
	74,650	68,346	66.862	
Cash and cash equivalents [restricted]	-	_	46,360	
Property and equipment, net/note 8/	31,050	28,773	27122	
Intangible assets, net /note 9/	7,378	6.424	7.298	
	113,078	103,543	147,642	
Accounts payable - trade and other	44,323	40.140	35,982	
Goods and Services Tax payable	1,955	708	1.096	
Manitoba Retail Sales Tax payable	1,707	1.522	1,471	
Profit payable to the Province of Manitoba	39,048	39,529	39.988	
Environmental Protection Tax payable	147	140	141	
Deferred licence fees	862	342	327	
	88,042	82,381	79,005	
Provision for employee pension benefits <i>[note 10]</i>	20,804	17.551	64.964	
Provision for retirement allowances [note 11]	4,232	3.611	3,673	
	113,078	103.543	147.642	

On behalf of the Commission:

Acting/President & Chief Executive Officer

Chief Financial & Strategy Officer

# AND COMPREHENSIVE INCOME (In thousands of Canadian dollars)

Years ended March 31

	2012	2011
	5	\$
Sales (schedule)	652,622	621,880
Cost of sales [schedule]	325,236	307,762
Gross profit [schedule]	327,386	314,118
Other income [note 12]	3,748	3,687
	331,134	317,805
General and administrative expenses [note 13]	76,864	67,687
Net profit and comprehensive income for the year	254,270	250,118

## STATEMENTS OF PROFIT PAYABLE TO THE PROVINCE

[in thousands of Canadian dollars]

	\$
Balance at April 1, 2010	39,988
Net profit and comprehensive income for the year	250,118
Transfers to Province of Manitoba - current year's profit	(202,800)
Transfers to Province of Manitoba - prior year's profit	(47,777)
Balance at March 31, 2011	39,529
Net profit and comprehensive income for the year	254,270
Transfers to Province of Manitoba - current year's profit	(203,200)
Transfers to Province of Manitoba - prior year's profit	(51,551)
Balance at March 31, 2012	39,048

# STATEMENTS OF CASH FLOWS (in thousands of Canadian dollars)

Years o	ndad	Marie	h 21

Years ended March 31			
	2012	2011	
	\$	\$	
OPERATING ACTIVITIES			
Cash receipts			
Sales - spirits, wine, refreshment beverages, and beer	650,673	622,044	
Annual licence fees and other	5,994	5,248	
Goods and Services Tax	33,206	31,639	
Manitoba Retail Sales Tax	22,581	21,437	
Environmental Protection Tax	2,088	2,020	
	714,542	682,388	
Cash disbursements			
Purchases - merchandise, federal duty, excise and sales taxes, and other costs	326,180	305,894	
General and administrative expenses	68,585	66,392	
Goods and Services Tax	31,960	32,027	
Manitoba Retail Sales Tax	22,396	21,386	
Manitoba Waste Reduction and Prevention Levy	_	34	
Environmental Protection Tax	2,081	2,021	
	451,202	427,754	
Cash provided by operating activities	263,340	254,634	
Acquisition of property and equipment	(7,084)	(4,848)	
	(7.084)	(4,848)	
FINANCING ACTIVITIES			
Transfers to Province of Manitoba - current year's profit	(203,200)	(202,800)	
Transfers to Province of Manitoba - prior year's profit	(51,551)	(47,777)	
	(254,751)	(250,577)	
Net increase (decrease) in cash during the year	1,505	(791)	
Cash and cash equivalents, beginning of year	8,399	9,190	
	9,904	8,399	

# OF SALES AND GROSS PROFIT (in thousands of Canadian dollars)

Years ended March 31

	Refreshment				
	Spirits	Spirits Wine beverages \$ \$	beverages	Beer	Total \$
	\$		\$	\$	
Stores	156,513	98,942	14,833	50,635	320,923
Liquor vendors	35,042	9,787	3,712	7,657	56,198
Licensees	20,108	5,017	1,766	234,233	261,124
Specialty wine stores	28	14,256	93	***	14,377
	211,691	128,002	20,404	292,525	652,622
Total sales for 2011	205,545	122,176	19,172	274,987	621,880
	83,676	59,327	9,303	172,930	325,236
Total cost of sales for 2011	81,320	56,229	8,714	161,499	307,762
Gross profit for 2012	128,015	68,675	11,101	119,595	327,386
Gross profit for 2011	124,225	65,947	10,458	113,488	314,118

(in thousands of Canadian dollars)

#### 1. NATURE OF ORGANIZATION

The financial statements of The Liquor Control Commission [the "MLCC"] for the year ended March 31, 2012 were authorized for issue in accordance with a resolution of the Board of Commissioners on June 1, 2012. The MLCC was formed in 1923 as an agency of the Government of Manitoba under *The Liquor Control Act*. The registered office is located at 1555 Buffalo Place, Winnipeg, Manitoba. The MLCC's mandate is to purchase, sell and regulate alcoholic beverages; to determine locations for retail liquor outlets; to licence and regulate facilities used by the consuming public; to provide revenue to the Province of Manitoba from the activities of the MLCC, and to do all such things necessary to effect the provisions of *The Liquor Control Act*. All net profit earned from the sale of liquor, or from licence and permit fees, or otherwise arising in the administration of *The Liquor Control Act*, shall be paid to the Province of Manitoba.

#### 2. BASIS OF PRESENTATION

The financial statements of the MLCC have been prepared on a historical cost basis except for certain financial instruments which are reported at fair value. The financial statements are presented in Canadian dollars, which is the functional currency of the MLCC, and all values are rounded to the nearest thousand dollars (\$000) except when otherwise indicated.

The financial statements of the MLCC have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board. The first date at which IFRS was applied was April 1, 2010 [the "Transition Date"]. The effects of the transition from Canadian generally accepted accounting principles ["GAAP"] to IFRS as of the Transition Date on the balance sheet, statements of income and comprehensive income, and statement of cash flows can be found in note 17.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

- [a] Cash and cash equivalents in the balance sheet includes cash on hand, current balances with banks and outstanding electronic fund transactions forwarded to banks. Cash and cash equivalents [restricted] consist of cash balances held in a trust account which were advanced by the Province of Manitoba to fund retiring benefits. In September 2010, the balance in this trust account [\$46,408] was transferred to the Civil Service Superannuation Board ["CSSB"] who maintain a separate fund for the MLCC pension assets.
- |b| Accounts receivable include electronic fund transactions to be forwarded to banks after March 31.
- [c] Inventories of goods for resale are valued at the lower of average cost and net realizable value. Cost comprises purchase price, import duties and freight. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.
  - Inventory write-downs are reversed if the estimated calculations of the recoverable amount change. Write-downs are reversed only to the extent that the carrying value does not exceed the carrying value that would have been determined if no write-down had been recognized.
- [d] Revenue is recognized to the extent that it is probable that the economic benefits will flow to the MLCC and the revenue can be reliably measured. For the sale of products, revenue is recognized when the significant rewards of ownership of the products have passed to the buyer, usually on delivery of the products. Other operating income from licence and permit fees, merchandising program fees and administration and other fees is recognized when the MLCC's right to receive the payment is established and MLCC has no further obligation to provide goods or services or on a straight-line basis over the licence term. Revenue is measured at the fair value of the consideration received, excluding sales taxes.

The MLCC assesses its revenue arrangements in order to determine if it is acting as principal or agent. The MLCC has concluded that it is acting as a principal in all of its revenue arrangements, except for the third-party AIR MILES® program in which MLCC participates. The AIR MILES® program allows customers to earn AIR MILES® points when they purchase products in the MLCC's retail stores. The redemption of points by customers is the responsibility of the third-party AIR MILES® program. Consideration received and the related expense is recorded net in other income as MLCC is acting as an agent for the AIR MILES® program.

- Revenues, expenses and assets are recognized net of the amount of sales and goods and services tax, and environmental protection tax, except.
  - [ii] Where the sales and goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and goods and services tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, and,
  - [ii] Receivables and payables that are stated with the amount of sales and goods and services tax included.

The net amount of sales and goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(in thousands of Canadian dollars)

- [f] Transactions in foreign currencies are initially recorded by the MLCC at the MLCC's Canadian dollar functional currency exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the statement of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.
- [g] Property and equipment is stated at cost, net of accumulated amortization and any accumulated impairment losses, if any. Costs include directly attributable costs. Repair and maintenance costs are recognized in the statement of income and comprehensive income as incurred. Amortization is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings 15 to 40 years

Leasehold improvements Straight-line basis over the remaining term of the lease

Paving 25 years
Equipment and furniture 5 to 40 years
Vehicles 5 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statements of income and comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of amortization are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

- [h] Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense in the statements of income and comprehensive income on a straight-line basis over the lease term. Leases that contain pre-determined, fixed rental increases are recognized over the life of the lease. Property leases are analyzed into separate components for land and buildings and tested to establish whether the components are operating leases or finance leases. Premiums paid for land are treated as a prepayment of an operating lease rental and recognized on a straight-line basis over the life of the lease.
- [ii] Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in the statements of income and comprehensive income in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life of the asset. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at the end of each reporting period and are treated as changes in estimates. The amortization expense is recognized in the statement of income and comprehensive income in the expense category consistent with the function of the intangible assets.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income and comprehensive income when the asset is derecognized.

A summary of the amortization policies applied to the MLCC's intangible assets is as follows:

Computer software 3 - 15 years

- [j] The MLCC assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, a test is performed on the affected asset to assess its recoverable amount against carrying value. An impaired asset is written down to its recoverable amount, which is the higher of its value in use or its fair value less costs to sell. If there is an indication of an increase in fair value of an asset that had previously been impaired, then it is recognized by reversing the impairment, but only to the extent that the recoverable amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset.
- [k] Financial instruments are assessed and recognized in accordance with IAS 39. Financial instruments are recognized in the balance sheet when the MLCC becomes a party to the contractual terms of the instrument, which represents the trade date. Financial assets are removed from the balance sheet when the contractual rights to the cash flows from the asset cease. Financial liabilities are removed from the balance sheet when the obligation is met, cancelled or ends.

(in thousands of Canadian dollars)

The classification of the MLCC's financial assets and financial liabilities is performed at initial recognition and are measured as follows:

- [ii] Cash and cash equivalents are classified as fair value through profit and loss and measured at fair value. The gains or losses arising on the revaluation to fair value at the end of the year are recorded in net profit.
- [iii] Accounts receivable are classified as loans and receivables and recorded at cost, which upon initial recognition is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.
- [iii] Accounts payable, profit payable to the Province of Manitoba and other taxes payable are classified as loans and borrowings and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

The MLCC assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The carrying amount of financial assets carried at amortized cost is reduced through the use of an allowance account and the amount of the loss is recognized in the statements of income and comprehensive income.

The fair value of financial instruments traded in an active market is determined by quoted market prices. Financial instruments not traded in an active market are valued using an appropriate valuation technique. An analysis of fair values of financial instruments and further details as to how they are measured is provided in note 14.

- [II] Provisions are recognized when the MLCC has a present obligation [legal or constructive] as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.
- [m] The MLCC maintains a defined benefit pension plan in accordance with the provision of The Civil Service Superannuation Act administered by the Civil Service Superannuation Board. Substantially all of the employees of the MLCC are eligible for pension benefits based on length of service and average annualized earnings calculated on the best five years prior to retirement, termination, or death that provided the highest earnings. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. The liability is determined actuarially every three years with the balances for the intervening years being determined by a formula provided by the actuary. Actuarial gains and losses are recognized in income immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation [using a discount rate based on high quality corporate bonds] less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the MLCC nor can they be paid directly to the MLCC. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price.

The MLCC has also agreed to provide certain additional post-retirement healthcare benefits, which are unfunded.

#### 4 SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

The preparation of the MLCC's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The cost of defined pension plan and other post employment healthcare benefits and the present value of the pension obligation are determined using actuarial valuations. In addition, the provision for retirement allowances is actuarially determined and is recorded based on a formula provided by the Province of Manitoba. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, retirement rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and its long-term nature, a defined benefit obligation and provision for retirement allowances are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(in thousands of Canadian dollars)

In determining the appropriate discount rate, management considers the interest rate of corporate bonds in the respective currency with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the populations of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for Canada. Future salary increases and pension increases are based on expected future inflation rates for Manitoba.

Further details about the assumptions are outlined in notes 10 and 11.

#### 5. CHANGES IN ACCOUNTING POLICIES

The MLCC chose to adopt the following standards:

- [a] IFRS 7 Financial Instruments: Disclosures and the related amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards were incorporated into Part 1 of the Canadian Institute of Chartered Accountants. Handbook, These amendments were made to Part 1 in January 2011 and are effective for annual periods beginning on or after July 1, 2011. Earlier adoption is permitted. The amendments relate to required disclosures for transfers of financial assets to help users of the financial statements evaluate the risk exposures relating to such transfers and the effect of those risks on an entity's financial position. The adoption of IFRS 7 did not have any impact on the MLCC's disclosures.
- [b] IAS 24 [revised] Related-party Disclosures supercedes IAS 24 Related-party Disclosures. IAS 24 [revised] is mandatory for annual periods beginning on or after January 1, 2011 with earlier application permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of IAS 24 [revised] by the MLCC resulted in minor modifications to the related-party disclosures in note 16.

#### 6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the MLCC's financial statements are listed below. The listing only includes standards and interpretations issued which the MLCC reasonably expects to be applicable at a future date. The MLCC intends to adopt these standards when they become effective.

- [a] IAS 1 Presentation of Financial Statements was amended on June 16, 2011. The amendments enhance the presentation of other comprehensive income ["OCI"] in the financial statements, primarily by requiring the components of OCI for items that may be reclassified to the statements of income and comprehensive income to be presented separately from those that remain in equity. The amendments are effective for annual periods beginning on or after January 1, 2012. The MLCC is currently assessing the impact of the amendments on its financial statements.
- [b] IFRS 9 Financial Instruments reflects the first phase of the IASB's work on replacing the existing standards for financial instruments [IAS 39] and applies to classification and measurement of financial instruments as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the MLCC's financial assets. The MLCC will quantify the effect in conjunction with the other phases when issued, to present a comprehensive picture.
- [c] IFRS 13 Fair Value Measurement does not change the circumstances under which an entity is required to use fair value, but rather provides guidance on how to measure the fair value of financial or non-financial assets and liabilities when required or permitted by IFRS. While many of the concepts in IFRS 13 are consistent with current practice, certain principles could have a significant effect. The disclosure requirements are substantial and could present additional challenges. IFRS 13 is effective for annual periods commencing on or after January 1, 2013, and will be applied prospectively. The MLCC is currently evaluating the implications of the new standard.
- [d] IAS 19 [revised] Employee Benefits was amended in June 2011. The amendments include eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes to assets and liabilities with all changes from re-measurement to be recognized in other comprehensive income and enhancing the disclosure of the characteristics of defined benefit plans and the risks that companies are exposed to through participation in these plans. The amended version of IAS 19 is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The MLCC is currently evaluating the impact of these revised standards.

# NOTES TO FINANCIAL STATEMENTS (In thousands of Canadian dollars)

Inventory consists of the following:

inventory consists of the following.	March 31, 2012	March 31, 2011	April 1, 2010
	\$	\$	\$
Warehouse	28,386	26,029	23,802
	12,797	12,282	11,888
Stores	41,183	38,311	35,690

The amount of unpaid and unrecorded Customs and Excise duties on owned merchandise held in bond is approximately \$4,361 at March 31, 2012 [2011 - \$3,806]

#### 8. PROPERTY AND EQUIPMENT

S. PROPERTY AIS	Land	Buildings	Leasehold improvements	Paving	Equipment and Furnishings	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
						200	10.000
At April 1, 2010	120	17,472	11,198	496	12,967	639	42,892
Additions	_	925	2,325	24	1,204	197	4,675
Disposals	_	_	(84)	-	(222)	(180)	(486)
At March 31, 2011	120	18,397	13,439	520	13,949	656	47,081
Additions		542	3,159	-	2,196	118	6,015
Disposals		-	_	_	(66)	(73)	(139)
At March 31, 2012	120	18,939	16,598	520	16,079	701	52,957
AMORTIZATION:							
At April 1, 2010	_	5,027	5,544	122	4,738	339	15,770
Amortization	_	386	845	27	1,589	91	2,938
Disposals	_	_	(71)	-	(193)	(136)	(400)
At March 31, 2011	-	5,413	6,318	149	6,134	294	18,308
Amortization		547	1,010	20	2,027	116	3,720
Disposals		_			(55)	(66)	(121)
At March 31, 2012	_	5,960	7,328	169	8,106	344	21,907
NET BOOK VALUE:							
At April 1, 2010	120	12,445	5,654	374	8,229	300	27,122
At March 31, 2011	120	12,984	7,121	371	7,815	362	28,773
At March 31, 2012	120	12,979	9,270	351	7,973	357	31,050

# NOTES TO FINANCIAL STATEMENTS (in thousands of Canadian dollars)

#### 9. INTANGIBLE ASSETS

	Computer Software - acquired
	\$
COST:	
At April 1, 2010	11,577
Additions	Access to the second se
Disposals	(475)
At March 31, 2011	11,102
Additions	1,291
Disposals	-
At March 31, 2012	12,393
AMORTIZATION:	
At April 1, 2010	4,279
Amortization	913
Disposals	(514)
At March 31, 2011	4,678
Amortization	337
Disposals	_
At March 31, 2012	5,015
NET BOOK VALUE:	
At April 1, 2010	7.298
At March 31, 2011	6,424
At March 31, 2012	7,378

#### 10. PROVISION FOR EMPLOYEE PENSION BENEFITS

The MLCC maintains a defined benefit pension plan in accordance with the provision of *The Civil Service Superannuation Act* administered by the CSSB.

Net benefit expense is comprised of:

	2012	2011
	\$	\$
Current service cost	2,011	1,804
Interest cost	3,574	3,573
Actuarial loss recognized in the year	2,222	4,068
Manitoba Finance matching pension contributions	_	(1,255)
Administration and management fees	187	144
Return on plan assets	(801)	(5,762)
Net benefit expense	7,193	2,572
Accrued benefit liability is comprised of:		
	2012	2011
	\$	\$
Defined benefit obligation	76,243	71,489
Fair value of plan assets	55,439	53,938
Accrued benefit liability	20,804	17,551

## NOTES TO FINANCIAL STATEMENTS (in thousands of Canadian dollars)

Man	-1-	20	20	40	-3	21	000	

Changes in the present value of the defined benefit obligation are as follows:

	2012	2011
	\$	\$
Defined benefit obligation, beginning of year	71,489	64,964
Actuarial loss (gain) on obligation	2,222	4,068
Current service cost	2,011	1,804
Interest cost	3,574	3,573
Benefits paid	(3,053)	(2,920
Defined benefit obligation, end of year	76,243	71,489
Changes in the fair value of the plan assets are as follows:		
	2012	2011
	\$	\$
Fair value of plan assets, beginning of year	53,938	-
Transfer of restricted cash	_	46,360
Return on plan assets	801	5,762
Contributions by employer	700	561
Manitoba Finance matching pension contributions	_	1,255
Fair value of plan assets, end of year	55,439	53,938

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2012	2011	
	%	%	
Cash and cash equivalents	2.3	5.3	
Bonds and debentures	26.2	25.2	
Canadian equities	25.8	27.0	
United States equities	20.0	17.8	
International equities	25.7	24.7	

The key actuarial assumptions used in determining the MLCC's provision for employee pension benefits were at the following weighted average rates:

	2012	2011	
	%	%	
Discount Rate	4.50	5.00	
Inflation	2.00	2.50	
Rate of future compensation increases	3.75	4.25	
Post retirement indexing	1.67	1.67	

Expected contributions to the defined benefit pension plan for the year ending March 31, 2013 are as follows:

	\$
Employee contributions	2,154
MLCC contributions	712

(in thousands of Canadian dollars)

#### 11. PROVISION FOR RETIREMENT ALLOWANCES

Effective April 1, 1998, the MLCC commenced recording accumulated retirement allowances for its employees. Eligible employees are entitled to receive a retirement allowance equal to one week's pay, to a maximum of 25 weeks, for each year of continuous employment based on the current salary at date of retirement. The provision recorded is calculated based on a formula provided by the actuary.

Net benefit expense is comprised of:

Current service cost

Retirement allowance paid

Interest cost

	2012	2011
	\$	\$
Current service cost	137	127
Interest cost	253	255
Actuarial loss (gain) recognized in the year	522	_
Benefits paid	108	170
Not benefit expense	1,020	552
Changes in the present value of the provision are as follows:		
	2012	2011
	\$	\$
Beginning of year	3,611	3,673
Actuarial loss (gain) on provision	522	-

The key actuarial assumptions used in determining the MLCC's provision for retirement allowances were at the following weighted average rates:

	2012	2011
	%	%
Discount Rate	4.00	4.00
Inflation	2.00	2.00
Rate of future compensation increases	3.75	3.75

137

253

(291)

4,232

127

255

(4444)

3,611

# NOTES TO FINANCIAL STATEMENTS (in thousands of Canadian dollars)

### 12. OTHER INCOME

Other income consists of the following:

	2012	2011
	\$	\$
Licence and permit fees		
Annual licence fees and licence application fees	1,073	1,091
Occasional permit fees	602	640
Monetary penalty	21	98
,	1,696	1,829
Merchandising program fees		
Impact fees	708	695
AIR MILES*	205	13
Advertising revenue - other	276	217
	1,189	925
Administration and other		
Service charges and mark-up on non sale items	441	268
Border point fees	177	158
Specialty wine store fees	28	26
Foreign exchange		137
Miscellaneous	217	344
	863	933
Other income	3,748	3,687

## 13. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

General and administrative expenses consist of the rollowing.		2011
	2012	
	\$	\$
Salaries and short-term benefits	39,252	36,074
Pension [net of return on asset of \$801, 2011 - \$5,762]	7,193	2,572
Retirement allowance	1,020	552
Leased premises - rentals	7,662	7,209
Amortization	4,058	3,849
Maintenance and repairs	3,332	3,401
Bank charges	2,547	2,402
Delivery charges	2,010	1,845
Utilities	1,417	1,316
Protective services	948	816
Printing, postage and supplies	814	804
Community support	769	717
Health and Post Secondary Education Tax levy	767	714
Alcohol education	758	837
Grants in lieu of taxes	691	701
Advertising and promotions	637	614

(in thousands of Canadian dollars)

	2012	2011
	\$	\$
Staff training	575	584
Professional fees	524	499
Travel	377	316
Miscellaneous	342	312
Communications	269	227
Vehicle expenses	259	203
Corporation capital tax	141	311
Association membership	132	114
Crown Corporations Council levy	117	100
Equipment rentals	112	580
Product analysis	69	73
Insurance	66	68
Bad debt expense	6	77
	76,864	67,687

#### 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### [a] Fair value

The MLCC applies the market approach for recurring fair value measurements. Three levels of inputs may be used to measure fair value.

Level 1 - Unadjusted, quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of MLCC's cash and cash equivalents and cash equivalents [restricted] is determined using level 1 inputs and is equivalent to its carrying value.

As at March 31, 2012 and 2011, and April 1, 2010, the carrying values of the MLCC's financial assets and liabilities including accounts receivable, accounts payable – trade and other, Goods and Services Tax payable, Manitoba Retail Sales Tax payable, profit payable to the Province of Manitoba and Environmental Protection Tax payable approximate their value. These short-term financial instruments approximate the fair value due to the relatively short period to maturity.

#### [b] Risk management policies

The MLCC manages risk and risk exposure through a combination of a system of internal and disclosure controls, effective cash management strategies and sound business practices. The MLCC is exposed to credit, currency and liquidity risks. The MLCC's management oversees the management of these risks in accordance with policies approved by the Board of Commissioners. The Board of Commissioners reviews and agrees on policies for managing each of these risks.

#### [c] Credit risk

Credit risk is the risk that a customer will fail to perform an obligation or fail to pay amounts due, causing a financial loss. MLCC's maximum exposure to credit risk is the carrying value of accounts receivable. Accounts receivable are all due within 30 days at year-end and were fully collected subsequent to year-end. Therefore no allowance for uncollectible accounts was accrued by management. Trade receivables are non-interest bearing and generally have 30-day terms. Accounts receivable are written off when management determines that they cannot be collected or they have been outstanding for greater than 120 days.

(in thousands of Canadian dollars)

#### [d] Currency risk

The MLCC is exposed to currency risk through inventory purchase transactions that require settlement in foreign currencies. Exposure to fluctuations in exchange rates is mitigated by the policy of adjusting purchase or selling prices to maintain the profit margin approved by the Board of Commissioners, Purchases denominated in foreign currencies during the year ended March 31, 2012 were \$8,134. Accordingly, a 10% increase or decrease in the exchange rate between Canadian and U.S. dollars would result in a total increase or decrease of \$474 assuming the inventory purchased had been sold by the end of the year.

#### [e] Liquidity risk

Liquidity risk is the risk that the MLCC will encounter difficulties in meeting its financial liability obligations. The MLCC manages its liquidity risk through effective cash management. Liquidity risk is mitigated by collection terms on accounts receivable being set at less than or equal to the payment terms of accounts payable. All trade payables are due within 30 days of year-end. Trade payables are non-interest bearing and generally have 30-day terms.

#### [f] Capital disclosures

As an agency of the Government of Manitoba, the MLCC does not maintain capital balances. Rather, in managing capital, the MLCC focuses on cash available for operations. The MLCC's objectives are to have sufficient cash available for operations, to provide flexibility to take advantage of opportunities that will advance its purposes and to meet its obligation to transfer its net profit to the Province of Manitoba annually. The need for liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. The MLCC has met its objective of having sufficient liquid resources to meet its current obligations.

#### 15. COMMITMENTS AND CONTINGENCIES

The MLCC leases 49 buildings, Leases have expiry dates ranging from 2013 to 2029.

The future minimum annual lease payments for each of the next five years and thereafter are as follows:

	\$
2013	5,559
2014	5,308
2015	5,074
2016	4,656
2017	4,136
Thereafter	25,514
	50,247

#### 16. RELATED PARTY DISCLOSURES

The MLCC is an agency of the Government of Manitoba under *The Liquor Control Act* [the "Act"]. The Act requires the MLCC to transfer the net profit for the year annually to the Province. The net profit payable to the Province on the balance sheet represents the balance of unpaid profits as of the year-end reporting date.

Key management includes the roles of Chief Executive Officer/President and Senior Executive Management. The compensation paid or payable to key management of the MLCC is as follows:

	2012	2011
	\$	\$
Short-term employee benefits	806	683
Post-employment pension and medical benefits	115	102
Termination benefits	8	7
Total compensation paid to key management personnel	929	792

(in thousands of Canadian dollars)

#### 17. FIRST-TIME ADOPTION OF IFRS

For all periods up to and including the year ended March 31, 2011, the MLCC prepared its financial statements in accordance with Canadian GAAP. These financial statements, for the year ended March 31, 2012, are the first annual financial statements that the MLCC has prepared in accordance with IFRS with the 2011 comparatives restated accordingly.

Accordingly, the MLCC has prepared financial statements which comply with IFRS applicable for periods beginning on or after April 1, 2010 as described in the significant accounting policies in note 3. In preparing these financial statements, the MLCC's opening balance sheet was prepared as at April 1, 2010, the MLCC's Transition Date to IFRS. This note explains the principal adjustments made by the MLCC in restating its Canadian GAAP balance sheet as at April 1, 2010 and its previously reported Canadian GAAP financial statements for the year ended March 31, 2011.

IFRS 1 — First-time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain standards. IFRS has been applied retrospectively, except for certain optional and mandatory exemptions from full retrospective application, as provided for by IFRS 1 as detailed below:

- The MLCC has elected to disclose the following amounts prospectively from the Transition Date: the present value
  of the defined benefit pension obligation, the fair value of plan assets, the plan surplus/deficit and the experience
  adjustments arising on the plan assets or liabilities.
- MLCC has applied the transitional provision in IFRIC 4 Determining Whether an Arrangement Contains a Lease and has assessed all arrangements as at the transition date.

#### Reconciliations

At the date of transition, MLCC's estimates under IFRS are consistent with estimates previously made under Canadian GAAP. Hindsight has not been used to create or revise these estimates.

The analysis below shows the following reconciliations required under IFRS 1.

- A reconciliation of the balance sheet as at April 1, 2010, the Transition Date, from Canadian GAAP, as previously reported, to IFRS.
- A reconciliation of the net profit payable to the Province of Manitoba as reported under Canadian GAAP as at March 31, 2011 and April 1, 2010 to the revised profit payable to the Province of Manitoba under IFRS as reported in these financial statements.
- A reconciliation of net profit paid or payable to the Province of Manitoba under Canadian GAAP to net profit and comprehensive income under IFRS for the year ended March 31, 2011.

As the MLCC is required to pay all not profits annually to the Province of Manitoba, any adjustments to not profit as a result of the adoption of IFRS will increase or decrease profit payable to the Province of Manitoba on the balance sheet.

Reconciliation of balance sheet as at April 1, 2010 is as follows:

	Canadian GAAP <sup>1</sup>	IAS 16 Property and equipment	IAS 19 Employee benefits	IAS 17 Leases	IFRS
	\$	\$	\$	\$	\$
Cash and cash equivalents	9,190	_	MON.	-	9,190
Accounts receivable	20,726	-			20,726
Inventory	35,690		_	- Month	35,690
Prepaid expenses	1,256	-	_	none.	1,256
	66,862	-	Marc.	_	66,862
Cash [restricted]	46,360	_	_		46,360
Property and equipment, net	26,356	766	_	_	27,122
Intangible assets	2,984	4,314	-	-	7,298
	142,562	5,080	-	_	147,642

As previously reported.

# NOTES TO FINANCIAL STATEMENTS (in thousands of Canadian dollars)

	142,562	5,080	-	-	147,642
Provision for retirement allowance	3,673	_		_	3,673
Provision for employee pension benefits	53,318	-	11,646		64,964
Total current liabilities	85,571	5,080	(11,646)	-	79,005
Deferred licence fees	327	-	-	-	327
Environmental Protection Tax payable	141	-	-	-	141
Net profit payable to the Province of Manitoba	47,777	5,080	(11,646)	(1,223)	39,988
Manitoba Retail Sales Tax payable	1,471	-	-		1,471
Goods and Services Tax payable	1,096	-	-	-	1,096
Accounts payable - trade and other	34,759	-		1,223	35,982

As previously reported.

The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for profit payable to the Province of Manitoba and net profit and comprehensive income for the year.

Reconciliation of profit payable to the Province of Manitoba is as follows:

	As at March 31, 2011	As at April 1, 2010
	\$	\$
Profit payable to the Province of Manitoba under Canadian GAAP	47,696	47,777
Differences increasing (decreasing) reported profit payable to the Province of Manitoba:		
[a] Property and equipment	5,080	5,080
[b] Leases	(1,223)	(1,223)
[c] Employee benefits	(12,024)	(11,646)
Profit payable to the Province of Manitoba under IFRS	39,529	39,988

Reconciliation of net profit and comprehensive income is as follows:	
	Year ended March 31, 2011
	\$
Net profit paid or payable to the Province of Manitoba under Canadian GAAP	250,496
Differences increasing (decreasing) reported net profit and comprehensive income:	
Employee benefits	(378)
Net profit and comprehensive income under IFRS	250,118

(in thousands of Canadian dollars)

#### EXPLANATION OF RECONCILING ITEMS BETWEEN CANADIAN GAAP AND IFRS

#### [a] Property and equipment

Under IFRS, each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be amortized separately. This is known as the component approach. Compound assets, such as a building, consist of significant parts, and each significant part is amortized separately. Further, under IAS 16, the residual value and the useful life of an asset shall be reviewed on an annual basis and, if expectations differ from the previous estimate, the change is accounted for as a change in accounting estimate.

The MLCC finalized its assessment of the component approach under IFRS and determined that a building's foundation, which typically consists of a combination of concrete and steel, is a separate component from the rest of the building. Accordingly, the MLCC's buildings have been retrospectively assigned a life of 40 years for the structure component and 15 to 40 years for other building components.

Under IFRS, an entity is required to reassess its property and equipment useful-life estimates at the end of each fiscal year. Under Canadian GAAP, the timing of this review is less specific. In accordance with IAS 16, the MLCC reviewed the capital asset useful lives of its various components as at April 1, 2010 and March 31, 2011.

#### Ibl Lease:

Under IFRS, all leases were classified as operating leases under which minimum rent, including scheduled escalations were expensed on a straight-line basis over the term of the lease, including any rent-free periods. Under IFRS, minimum lease payments are allocated between the land and building elements of a lease in proportion to their relative fair values of the leasehold interests in the land and building. Under Canadian GAAP, scheduled rent escalations were expensed in the year of the escalation and minimum lease payments were not required to be separated between land and building.

#### [c] Employee benefits

Under IFRS, all economic assumptions should be based on current market conditions. This is particularly relevant to the discount rate. The MLCC revised previous discount rate assumptions and recalculated the resulting employee benefit liability and expense amounts. Accordingly, the March 31, 2011 discount rate was revised from 6.0% to 5.0% and the April 1, 2010 discount rate was revised from 6.5% to 5.5%. In addition, the April 1, 2010 and March 31, 2011 inflation rates were revised from 2.0% to 2.5%.

#### [d] Presentation of financial statements

Canadian GAAP requires certain profit or loss categories to be disclosed separately on the statement of net profit and comprehensive income. Under IFRS, a company has a choice of adopting the nature-of-expense method or the function-of-expense method in presenting its analyses of expenses, whichever provides information that is reliable and most relevant.

The MLCC has elected the function-of-expense method which classifles expenses according to their function. Accordingly, amortization, which was previously disclosed separately under Canadian GAAP, has now been allocated to general and administrative expenses.

#### 18. SUBSEQUENT EVENTS

On April 17, 2012, the Province announced that The Liquor Control Commission ["MLCC"] and Manitoba Lotteries Corporation would be merged into a single entity and the regulatory oversight for liquor control, currently managed by MLCC would be merged with the Manitoba Gaming Control Commission. Each Crown Corporation operates under a separate Act and will continue to function as a separate legal entity until they are combined under common legislation, which is anticipated to occur in 2013.

## CHARTS & GRAPHS

#### PROFIT AND EXPENSE RATIOS (IN THOUSANDS

Fiscal years ending March 31

	2008	2009	2010	2011	2012
Sales	554,769	583,763	610,515	621,880	652,622
Gross Profit	275,226	288,241	299,599	314,118	327,386
Net Profit	219,210	229,164	233,677	250,118	254,270
General and Administrative Expenses	58,328	60,355	66,913	63,838	72,806
Depreciation	2,666	3,313	3,761	3,849	4,058
Gross Profit as % of Sales	49.6%	49.4%	49.1%	50.5%	50.2%
Net Profit as % of Sales	39.5%	39.3%	38.3%	40.2%	39.0%
General and Administrative Expenses as % of Sales	10.5%	10.3%	11.0%	10.3%	11.2%

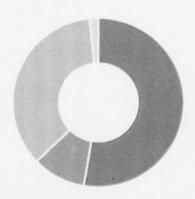
#### WHERE DOES THE MONEY GO?

\$254.3 Million for Manitobans





Retail Outlets - 2012



	Private Beer Vendors	267
	MLCC Liquor Marts	51
217	Private Liquor Vendors/Duty Free Stores	179
	Specialty Wine Stores	

#### ADDITIONAL PAYMENTS TO THE PROVINCE (IN MILLIONS

Retail Sales Tax \$ 22.4 Environmental Protection Tax \$2.1

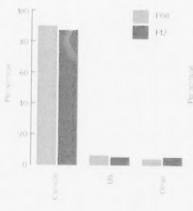
#### ADDITIONAL PAYMENTS TO THE FEDERAL GOVERNMENT (IN MILLIONS)

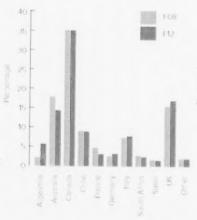
Goods and Services Tax \$32.0

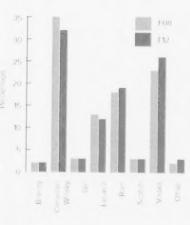
BEER SALES BY COUNTRY Fiscal 2008 and Fiscal 2012

WINE SALES BY COUNTRY Fiscal 2008 and Fiscal 2012

SPIRIT SALES BY TYPE Fiscal 2008 and Fiscal 2012







#### **VOLUME SALES - MILLIONS OF LITRES**

	Beer	Spirits	Wine	Coolers/Ciders
2008	79.0	6.7	8.7	27
2009	80.4	6.9	9.0	2.8
2010	82.0	6.9	9.3	2.9
2011	81.0	6.9	9.7	27
2012	83.3	7.0	10.0	2.9

#### PRODUCT \$ SALES IN MILLIONS

	Beer	Spirits	Wine	Coolers/Ciders
2008	242	190	106	17
2009	255	198	112	19
2010	271	203	117	20
2011	275	206	122	19
2012	293	212	128	20

#### PER CAPITA CONSUMPTION IN LITRES

	Beer	Spirits	Wine	Coolers/Ciders
2008	87.5	7.4	9.6	3.0
2009	88.0	7.5	9.8	3.1
2010	88.3	7.4	10.0	3.1
2011	85.9	7.3	10.2	2.9
2012	86.7	7.3	10.4	3.0

Source: Manitoba Health Population Report based on population over the age of 17 as of June 1 of each year

## CHARTS & GRAPHS (CONTINUED)

#### NUMBER OF HOTEL REGISTRATIONS & LICENCES

Class of Licence	2008	2009	2010	2011	2012
Hotel Registration	300	301	302	300	301
Retail	275	277	273	275	272
Beverage Room	252	249	249	246	247
Dining Room	1,132	1,116	1,125	1,135	1,161
Transportation	8	8	7	6	6
Cocktall Lounge	483	412	403	398	407
Cabaret	29	30	29	25	27
Spectator Activities	44	45	45	50	50
Private Club	252	252	249	247	250
Canteen	15	15	13	13	-11
Sports Facility	151	142	144	137	140
Manufacturer's	22	20	17	17	17
Totals	2,963	2,867	2,856	2,849	2,889

<sup>\*</sup> Total restated.

#### OCCASIONAL PERMITS ISSUED

	F2008	F2009	F2010	F2011	F2012
Liquor Sold	6,796	6,607	6,473	6,000	5,872
Liquor Complimentary	4,443	4,290	4,289	4,175	3,930
Total	11,239	10,897	10,762	10,175	9,802

#### INSPECTIONS, INVESTIGATIONS AND EDUCATIONAL SEMINARS

	F2008	F2009	F2010	F2011	F2012
Licensed Premises					
Licensee visits	26,110	27,112	25,867	22,784	28,778
Licensee requests for service	997	1,069	1,144	1,294	1,319
Final Inspections	259	256	224	186	143
Application for licence	153	109	126	122	138
Licensee education sessions	100	174	180	195	262
Total	27,619	28,720	27,541	24,581	30,640
Occasional Permits					
Inspections while in progress	1,582	1,501	1.471	1,394	1,571
Investigations prior to issue	1,838	2,111	2,626	2,900	1,686
Education of hall owners/permittees/public	56	76	69	82	82
Inspection of new banquet halls	236	233	287	146	145
Total	3,712	3,921	4,453	4,522	3,484
Public Investigations					
Photo ID	880	1,151	277*	0	0
Public complaints	384	313	360*	387	391
Total	1,264	1,464	637	387	391

<sup>\*</sup> The MLCC Photo ID program was discontinued June 29, 2009.

#### RECOMMENDED DISCIPLINARY ACTION

	2008	2009	2010	2011	2012
Licensees:					
Administrative					
- warning letters	248	273	250	261	145
- meetings with Manager, Inspection Services	40	44	41	56	50
Total	288	317	291	317	195
Board					
- disciplinary hearings	29	29	44	62	48
- appeal hearings	1	5	9	7	4
Board Action					
- warnings	3	5	7	5	7
- suspensions	25	21	34	38	14
- cancellations	0	1	1	0	1
- monetary penalty		2	7	29	20
- other	2	0.	1	1	5
Total	30	29	50	73	47
Total suspension days is sued	70	38	91	70	49
Total monetary penalties issued		\$2,000	\$8,200	\$97,500	\$21,300

Note: Board actions may not equal number of hearings due to appeals carried forward to next fiscal year, or more than one action taken at a hearing.

	2008	2009	2010	2011	2012
Permittees/Hall Owners:					
Administrative					
- warnings	6	4	5	8	12
- suspension of privileges	1	8	7	6	4
Total	7	12	12	14	16

Breaches of The Liquor Control Act are dealt with through a process of progressive discipline.

- · Cautions Usually given where there is no previous record (includes educating licensees regarding breach)
- · Warning Letter Usually given where there is a record of operation and the breach is of a less serious nature
- · Meeting with Manager, Inspection Services To discuss solutions to the problem
- · Licensing Board Hearing Usually for breaches of a more serious nature

Appeals are heard by Board of Commissioners

These disciplinary actions form part of a licensee's record of operation.

Breaches of *The Liquor Control Act* by banquet hall operators and occasional permit holders are normally handled by administration of the Commission.

<sup>&</sup>quot;two items have been moved from "Other" to new category "Monetary Penalty" and amount has been noted.

## LIQUOR MARTS

The MLCC operates 51 Liquor Marts throughout Manitoba

BEAUSEJOUR 619 Park Avenue

BRANDON

1015 Victoria Avenue

 Brandon Shoppers Mall, 18th & Richmond Avenue

 Corral Centre, 805-18th St. North

CARMAN

3 Centre Avenue West

CHURCHILL 203 Laverendrye Avenue

DAUPHIN 130 First Avenue

North West

FLIN FLON 26 Hapnot Street

GIMLI 52 Centre Street

KILLARNEY 516 Broadway Avenue

LAC DU BONNET 99 – 2nd Avenue

MINNEDOSA 16 – 2nd Avenue North West

MORDEN 331 North Railway Street

NEEPAWA 393 Mountain Avenue

PINE FALLS

17 Pine Street

PORTAGE LA PRAIRIE 300 Saskatchewan Avenue

ROBLIN 124 Main Street West RUSSELL

202 Shell River Avenue North

SELKIRK 377 Main Street

STEINBACH 118 PTH 12 N

SWAN RIVER 716 Main Street

THE PAS 249 Fischer Avenue

THOMPSON 131 Selkirk Avenue

VIRDEN 197 – 3rd Avenue

WINNIPEG

BUNN'S CREEK SHOPPING MALL

2001 Henderson Highway

CHARLESWOOD SQUARE 1D – 3900 Grant Avenue

cityplace 333 St. Mary Avenue

CRESTVIEW SHOPPING CENTRE Unit 170 – 3393 Portage

Avenue

DOMINION SHOPPING CENTRE

21 Marion Street

EASTWINDS SHOPPING CENTRE

23 - 1530 Regent Avenue

FORT GARRY 1235 Pembina Highway

FORT RICHMOND 2855 Pembina Highway GARDEN CITY SQUARE Unit 2 – 915 Leila Avenue

GRANT PARK PLAZA SHOPPING CENTRE 1120 Grant Avenue

....

HARGRAVE & ELLICE 325 Ellice Avenue

KENASTON CROSSING 8 – 1650 Kenaston Boulevard

MADISON SQUARE P - 1600 Ness Avenue

MAIN & JEFFERSON 1662 Main Street

MAIN & PRITCHARD

NORTHDALE SHOPPING CENTRE

965 - A Henderson Highway

PORTAGE & AINSLIE

PORTAGE & BURNELL 923 Portage Avenue

2549 Portage Avenue

RIVERGROVE 2615 Main Street

RIVER & OSBORNE 469 River Avenue

ST. VITAL SQUARE 5 – 827 Dakota Street

SOUTHDALE SHOPPING CENTRE

Unit 21 – 67 Vermillion Road
SOUTHGLEN

Unit A - 730 St. Anne's Road

TRANSCONA SQUARE 1 – 620 Kildare Avenue East TUXEDO

168 – 2025 Corydon Avenue

TYNDALL MARKET MALL

Unit 15 - 850 Keewatin

WINNIPEG JAMES A. RICHARDSON INTERNATIONAL AIRPORT (LIQUOR MART EXPRESS) Unit 1087 - 1970 Wellington

**ALEXANDER** 

Stahl's Food Mart

**ALONSA** 

Zdan's Family Store

ALTONA

Altona Cleaners Inc.

ANOLA

Anola Fine Foods

ARBORG

Arborg Pharmacy

ARGYLE

Meridian Trail General Store

**ASHERN** 

Ashern Pharmacy

**AUSTIN** 

Kim's Family Mart Ltd.

BALDUR

Baldur Variety Store

BELMONT

Belmont Hardware

BENITO

Benito Pharmasave

**BIG WHITESHELL LAKE** 

Big Whiteshell Lodge (2000) Inc

BIRCH RIVER

Birchwood Grocery

**BIRD RIVER AREA** 

Tall Timber Lodge Ltd.

BIRDS HILL

BIRTLE

Birtle Pharmacy

BOISSEVAIN

Hazlewood Enterprises

BRUNKILD

Brunkild Beverage & Grocery

BRUXELLES

Marginet's Grocery & Hardware

**BUFFALO POINT** 

Buffalo Bay Marina

CAMPERVILLE

McKay Grocery

CANADIAN FORCES BASE

- SHILO Canex Super Mart

CARBERRY

Spud City Food Mart Ltd.

CARTWRIGHT

Cartwright Health Centre

CLANDEBOYE

Clandeboye Store

**CLEARWATER LAKE** 

Wally's Place

COWAN

Kolisnyk's General Store

CRANBERRY PORTAGE

Streamer Hardware

CYPRESS RIVER

Cypress River Foods

DELORAINE

Olsen Realty & Insurance

DOMINION CITY

Dominion City Food Town

DUGALD

Dugald Convenience Store

Elie Grocery Store

**ELKHORN** 

Twin Valley Co op Ltd.

FLM CREEK

Elm Creek Co-operative Oil & Supplies Ltd.

ELMA

Elma Country Store

**EMERSON** 

Emerson Bigway

**ERICKSON** 

Mountain Park Pharmacy

ERIKSDALE

Eriksdale Shop Easy

**ETHELBERT** 

Bird's Corner Store

**FALCON LAKE** 

Lumber One Building Supplies

FISHER BRANCH

Fisher Branch Health Centre

**FRASERWOOD** 

J&J Store

GARSON

Garson Grocery Ltd.

GILBERT PLAINS

Gilbert Plains Pharmacy Ltd.

GILLAM

Trappers Shack

GLADSTONE Gladstone Pharmacy

GLENBORO.

Glenboro Pharmacy Ltd.

**GLENELLA** 

Preisentanz's General Store

**GLENORA** 

Glenora Mall

**GRAND MARAIS** Grand Marais Village Store

**GRAND RAPIDS** 

Grand Rapids Esso

GRANDVIEW

Grandview Home Hardware

**GREAT FALLS** 

Great Falls Foods

GRINDSTONE

Grindstone General Store

**GULL LAKE** 

Sherwood Grocery

**GYPSUMVILLE** 

Rawluk's Grocery & Pro Hardware

HADASHVILLE Saindon's Country Store

HAMIOTA

Rawlings Home Hardware

HARTNEY

Boundary Consumers Cooperative Ltd.

HECLA

Hecla Island General Store (SEASONAL)

HODGSON **Buckskin Trading Post** 

HOLL AND

Holland Home Hardware

ILE DES CHENES

lle Des Chenes Country Store

**INGLIS** Jordie's Food Mart

INWOOD Inwood Food Town

KELWOOD

Kelwood Store

KENTON Houston's

KOMARNO Komarno Quality Store

LA BROQUERIE

MacNeil & MacNeil Ltd.

Jeni's Food & Hardware

LAKE OF THE PRAIRIES

Kilman Resort

LAKE METIGOSHE

Turtle Mountain All Season Rosort

LANGRUTH

Farncombe's Food Centre

LAURIER

Molgat Shopping Centre

LEAF RAPIDS

Clarke's Pharmacy Lynn Lake Ltd.

LEE RIVER

Osprey Landing General

LETELLIER

Gallant's Lucky Dollar

LOCKPORT

Lockport Grocery

LORETTE

Dawson Trail Country

LUNDAR

Lundar Pharmacy Ltd.

LYNN LAKE

Clarke's Pharmacy Lynn Lake Ltd.

MacGREGOR

MacGregor Pharmacy

MANIGOTAGAN

Kara's Convenience

MANITOU

Manitou Variety & Health

MARIAPOLIS

Pouteau Foods

McAULEY

McAuley Country Grocery Co-op Ltd.

McCREARY

Reischek's Pharmacy

MELITA

MIAMI

Miami Variety

MINIOTA

Miniota C-Store

MINITONAS

Nemetchek Enterprises (1992)

MINTO

Minto Community Market

MOOSEHORN

Moosehorn Consumer Co-op Ltd.

MORRIS

Morris Super Variety

**NARROWS** 

The Narrows General Store

NEWDALE

Newdale Food 'N' Stuff

NINETTE

The Grocery Box

**NIVERVILLE** 

Niverville Bigway Foods

NOTRE DAME

Notre Dame Shopping

**NUTIMIK LAKE** 

Nutimik Lodge

OAK LAKE

Valleyview Oak Lake Co op

OAKRANK

Oakbank Family Foods

OAKBURN Oak-Site Foods

OAKVILLE

O & K Supermarket

ONANOLE

PIERSON

**Edward Consumers** Co-Operative Ltd.

PILOT MOUND

Dobson's Foods Ltd.

PINAWA

Solo Market

PINE RIVER

Semeniuk's Groceteria

PIPESTONE

Main Street Market

PLUM COULEE

Tri-Coulee Investments

PILIMAS

Plumas Stop & Shop

POINTE DU BOIS The Pointe General Store

**POPLARFIELD** 

King Buck Inn

RAPID CITY

Rapid City Insurance

RATHWELL

Rathwell Solo & Hardware

RENNIE

Rennie General Store

RESTON

Reston Drugs

RICHER

Burnells Food Plus

RIDGEVILLE

Ridgeville Cooperative

RIVERS

Rivers Super Thrifty Drug Mart Ltd.

RIVERTON

Bilinski Enterprises Ltd.

ROCK LAKE BEACH

Rock Lake Beach Store

ROLAND

Roland General Store

RORKETON

ROSSBURN

L.P.K. Enterprises

ST. ADOLPHE

St. Adolphe Esso

ST. AMBROISE St. Ambroise Convenience

ST CLAUDE

Philippot's Shop Easy Foods

ST. EUSTACHE

Jackson's General Store

ST. FRANCOIS XAVIER

S.F.X. Country Store

ST. JEAN BAPTISTE

Sun Valley Co-op Ltd.

ST. LAURENT

Depanneur Entre-Lacs

ST. LAZARE

Eddy's General Store Ltd.

ST MALO

St. Malo Co operative Ltd.

ST. PIERRE-JOLYS

St. Pierre Bigway

STE. AGATHE De'Panneur Cheyenne

STE ANNE Ste. Anne Sundries Ltd.

STE. ROSE DU LAC Ste. Rose Variety Shop

SANDY LAKE Sandy Lake Hardware

SANFORD

(2001)

Sanford Lumber & Building Supplies

Sarto General Store

SEVEN SISTERS Tirschman's Esso

SHOAL LAKE Shoal Lake Pharmacy

## LIQUOR VENDORS (CONTINUED

SIFTON

Boguski Grocery

**SNOW LAKE** 

Cornerview Enterprises Ltd.

SOMERSET

Crossroads Grocery

SOURIS

Souris Valley Foods

SPRAGUE

Carl's Solo Store

SPRINGFIELD

Garven Convenience Store

STARBUCK

"Dawn Til Dusk" Convenience Store

STONEWALL

Stonewall Pharmacy Ltd.

STONY MOUNTAIN

Pick 'N Pay

STRATHCLAIR

Strathclair Consumers Co op Ltd.

SWAN LAKE

B & B Store

TEULON

Teulon Pharmacv

TOLSTOI

Tolstoi Super Mart

TRAVERSE BAY

Traverse Bay Corner Store

TREHERNE

Treheme Pharmacy

VASSAR

Vassar Corner Store

VITA

Sumthing Special Florist

WABOWDEN

Dwyer's General Store

WANLESS

WeSte General Store

WARREN

Pete's General Store

WASKADA

Wilbro Enterprises Inc.

WATERHEN

Waterhen General Store

WAWANESA

Gullett Pro Hardware

WEST HAWK LAKE

West Hawk Lake Resort

WESTBOURNE

Sportsman's Corner Campground

WHITEMOUTH

Whitemouth Sundries

WINNIPEG BEACH

Ford's Groceries

WINNIPEGOSIS

Winnipegosis Meat Market

WOODLANDS

C.C.L. Woodlands Ltd.

WOODRIDGE

Vintage Corner Store

## SPECIALTY WINE STORES

To better serve the people of Manitoba and to broaden the selection of wine available, the MLCC has agreements with eight privately-owned and operated specialty wine stores. Six operate as stand-alone stores and two operate as fond and wine stores.

BANVILLE & JONES WINE COMPANY

1616 St. Mary's Road

CALABRIA MARKET & FINE WINES

137/139 Scurfield Boulevard

DELUCA'S FINE WINES

942 Portage Avenue

FENTONS WINE MERCHANTS

106-1 Forks Market Road

G.J. ANDREWS FOOD & WINE SHOPPE

384 Academy Road

KENASTON WINE MARKET

1855 A Grant Avenue

LA BOUTIQUE DEL VINO

1360 Taylor Avenue

THE WINEHOUSE

110-1600 Kenasion Boulevard



### MAILING ADDRESS:

Box 1023 (1555 Buffalo Place), Winnipeg, Manitoba R3C 2X1 Telephone: 204-284-2501

www.mlcc.mb.ca